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ALASKA STUDENT LOAN CORPORATION

and

U.S. BANK NATIONAL ASSOCIATION

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**INDENTURE**

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Dated as of March 1, 2005

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Exhibit A      Custodian/Depository/Servicing Agreement

THIS INDENTURE, made and entered into as of March 1, 2005, by and between the ALASKA STUDENT LOAN CORPORATION, a public corporation and government instrumentally created and existing under the laws of the State of Alaska (herein called the "Corporation" or the "Issuer"), and U.S. BANK NATIONAL ASSOCIATION organized and existing under the laws of the United States, as Trustee (herein called the "Trustee").

WITNESSETH:

WHEREAS, the Corporation is authorized by the Act (as herein defined) to issue its bonds for the purpose of returning capital contributions to the State of Alaska; and

WHEREAS, the Corporation has determined to enter into this Indenture with the Trustee to secure its Bonds (as herein defined) as the Corporation may elect to issue such Bonds from time to time in accordance with the terms of this Indenture and of any Supplemental Indenture executed pursuant to this Indenture; and

WHEREAS, the Bonds shall be special, limited obligations of the Corporation, and the principal and redemption premium, if any, of and interest on the Bonds shall be payable solely from the Trust Estate (as defined herein), subject to the provisions of this Indenture authorizing the Corporation to create security interests in said Trust Estate in favor of Credit Enhancement Agencies (as defined herein) and counterparties to Interest Rate Exchange Agreements and, further, subject to the provisions of this Indenture authorizing the Corporation to create Classes (as defined herein) and to grant security interests in the Trust Estate that are prioritized based upon such Classes; and

WHEREAS, in connection with the issuance of any Bonds, the Corporation may obtain Credit Enhancement or enter into Interest Rate Exchange Agreements (as such terms are defined herein) and may secure its obligations under such Credit Enhancement or Interest Rate Exchange Agreements by a pledge of the Trust Estate described below, and such pledge may be of a priority less than, equal to, or greater than the pledge of the Trust Estate to any class or Series of Bonds; and

WHEREAS, the time of issuance of any Series of Bonds, the form of Bonds, and other relevant terms of Bonds are to be specified in the Supplemental Indenture pertaining to such Bonds; and

WHEREAS, the execution and delivery of this Indenture have been authorized by Resolution 2005-01 of the Corporation, a certified copy of which has been delivered to the Trustee; and

WHEREAS, all things necessary to make the Bonds, when authorized pursuant to a duly adopted Supplemental Indenture and authenticated by the Trustee and issued

as in this Indenture provided, the valid, binding and legal special, limited obligations of the Corporation according to the import thereof, and to constitute this Indenture a valid pledge and assignment of the Trust Estate to the payment of the principal or redemption price, if any, of and interest on the Bonds and all other amounts due in connection therewith (subject to the provisions of this Indenture authorizing the Corporation to create a security interest in the Trust Estate in favor of Credit Enhancement Agencies and counterparties to Interest Rate Exchange Agreements) have been done and performed, and the creation, execution and delivery of this Indenture and the creation, execution and issuance of the Bonds subject to the terms hereof, have in all respects been duly authorized;

NOW, THEREFORE, KNOW ALL PERSONS BY THESE PRESENTS

### GRANTING CLAUSES

That the Corporation, in consideration of the premises and the acceptance by the Trustee of the trusts hereby created and of the purchase and acceptance of the Bonds by the Bondholders, and for good and valuable consideration, the receipt of which is hereby acknowledged, and in order to secure the payment of the principal or Redemption Price, if any, of and interest on the Bonds and the obligations of the Corporation arising under any Credit Enhancement facility and any Interest Rate Exchange Agreement (but only if and to the extent that the Corporation expressly grants a security interest under this Indenture in favor of such Credit Enhancement facility or Interest Rate Exchange Agreement in the Supplemental Indenture authorizing the Bonds to which such Credit Enhancement facility or Interest Rate Exchange Agreement relates), all according to their tenor and effect and all other amounts due in connection therewith and the performance and observance by the Corporation of all the covenants expressed or implied herein and in the Bonds, in such Credit Enhancement facilities, and in such Interest Rate Exchange Agreements, does hereby grant, bargain, sell, convey, pledge and assign unto, and grant a first priority security interest in and to the Trustee, and unto its respective successors in trust, and to their respective assigns, forever, for the securing of the performance of the obligations of the Corporation hereinafter set forth, the following (herein, the "Trust Estate"):

#### I.

The Pledged Loans, Pledged Receipts, and Pledged Loan Notes (all as the same are defined herein) including all extensions and renewals of the term thereof, if any, together with all right, title and interest of the Corporation therein, including, but without limiting the generality of the foregoing, the present and continuing right to claim, collect and receive any of the moneys, income, revenues, issues, profits and other amounts payable or receivable thereunder, to bring actions and proceedings thereunder or for the enforcement thereof, and to do any and all things which the

Corporation is or may become entitled to do under the Pledged Loan Notes; provided, however, that the foregoing pledge is subject to the Corporation's right to modify the terms of, or to take other actions which may affect, the Pledged Loans, Pledged Receipts, and Pledged Loan Notes pursuant to Section 707 herein.

II.

All Funds and Accounts (except any Credit Enhancement Fund) and moneys and investments therein including, but not limited to, undisbursed proceeds of Bonds and amounts held under the Custodian/Depository/Servicing Agreement;

III.

Any and all service or support agreements by and between the Corporation and either the Alaska Commission on Postsecondary Education, including without limitation the agreement governing the administration of the Education Loan Trust Fund established in the Corporation by the Act to the extent they relate to any Pledged Loans;

IV.

All moneys and securities from time to time held by the Trustee under the terms of this Indenture (except moneys and securities in any Credit Enhancement Fund) and any and all other real or personal property of every name and nature concurrently herewith or from time to time hereafter by delivery or by writing of any nature conveyed, mortgaged, pledged, assigned or transferred as and for additional security under this Indenture for the Bonds, to the extent so conveyed, mortgaged, pledged, assigned or transferred by the Corporation or by anyone in its behalf, or with its written consent, to the Trustee, which is hereby authorized to receive any and all such property at any and all times and to hold and apply the same subject to the terms hereof; and

V.

Any and all proceeds of the foregoing, subject, in all cases, to the terms and provisions of this Indenture governing the use and application of all such property and rights in property including the Corporation's right to withdraw, free and clear of the lien of this Indenture, Pledged Loans, cash and other property held hereunder or credited hereto subject to the requirements hereof;

TO HAVE AND TO HOLD all and singular the Trust Estate, whether now owned or hereafter acquired, unto the Trustee and its respective successors and assigns in trust forever to its and their own proper use and behalf but;



IN TRUST NEVERTHELESS, upon the terms and trusts herein set forth for the equal and proportionate benefit, security and protection of all present and future owners of the Bonds from time to time issued and to be issued under and secured by this Indenture without privilege, priority or distinction as to the lien or otherwise of any of the Bonds except to the extent that any privilege, priority, or distinction may be created pursuant to the terms of this Indenture with respect to the creation of Classes (as defined herein);

PROVIDED, HOWEVER, that if the Corporation, its successors or assigns, shall well and truly pay, or cause to be paid, the principal or Redemption Price, if any, of and interest on, the Bonds due or to become due thereon, and all other amounts due thereunder, at the times and in the manner mentioned in the Bonds according to their tenor and in accordance herewith, and shall cause the payments to be made on the Bonds as required under Article V and Article VII hereof, or shall provide, as permitted hereby, for the payment thereof, and shall well and truly keep, perform and observe all the covenants and conditions pursuant to the terms of this Indenture to be kept, performed and observed by it, and shall pay or cause to be paid to the Trustee all sums of money due or to become due to it in accordance with the terms and provisions of this Indenture, then upon the final payment thereof this Indenture and the rights hereby granted shall cease, terminate and be void; otherwise this Indenture to be and remain in full force and effect.

THIS INDENTURE OF TRUST FURTHER WITNESSETH, and it is expressly declared, that all Bonds issued and secured hereunder are to be issued, authenticated and delivered and all of the property, rights and interests, including, without limitation, the loan payments and other amounts hereby assigned and pledged are to be dealt with and disposed of under, upon and subject to the terms, conditions, stipulations, covenants, agreements, trusts, uses and purposes as hereinafter expressed, and the Corporation has agreed and covenanted, and does hereby agree and covenant with the Trustee and with the respective holders of the Bonds as follows:

## ARTICLE I DEFINITIONS AND INTERPRETATIONS

Section 101 - Definitions. In this Indenture, unless the context otherwise requires, the following words and terms shall have the meanings set forth in this Section:

"Account" shall mean one of the special accounts created and established pursuant to Section 501 or Section 510 of this Indenture.

"Accountant" shall mean a certified public accountant or firm of independent certified public accountants selected by the Corporation and may be the accountant or firm of accountants that regularly audits the books of the Corporation.

"Act" shall mean Sections 14.42.100 through 14.42.990 of the Alaska Statutes, as amended.

"Additional Bonds" shall mean Bonds other than the first series of Bonds authenticated and delivered under this Indenture.

"Authorized Newspaper" shall mean a newspaper or financial journal printed in the English language and customarily published (except in the case of legal holidays) at least once a day for at least five days in each calendar week, which is of general circulation in the Borough of Manhattan, City and State of New York.

"Authorized Officer" shall mean the Chairman or Executive Officer of the Corporation and, in the case of an act to be performed or a duty to be discharged, any member, officer or employee of the Corporation then authorized by the Chairman or Executive Officer or by action of the Board of Directors of the Corporation to perform such act or discharge such duty.

"Bond" shall mean one of the bonds, notes, or other evidences of indebtedness authenticated and delivered under this Indenture.

"Bond Counsel" shall mean any firm of attorneys selected by the Corporation and acceptable to the Trustee that is recognized nationally as expert in the area of municipal finance and tax-exempt obligations.

"Bondholder" or "holder" or words of similar import, when used with reference to a Bond or Bonds, shall mean any person who shall be the registered owner of any Outstanding Bond or Bonds issued in fully registered form or the bearer of any Bond or Bonds issued in bearer form or registered to bearer.

"Bond Payment Date" shall mean any day on which interest, principal, redemption premium or any other payment on a Bond is required to be made, whether at maturity, redemption or otherwise.

"Bond Year" shall mean the twelve-month period beginning on July 1 of any year (but not including any year in which there are no Bonds or Parity Obligations outstanding) and ending on June 30 of the following year.

"Business Day" shall mean any day other than a Saturday or Sunday or any other day on which banks in New York, Alaska, or the state or states in which any

Trustee appointed hereunder performs its duties hereunder are authorized or required to be closed or are closed.

"By Class in Descending Order of Priority" shall mean that any action to be so taken shall be taken first with respect to the Bonds that are designated as the highest priority Class of Bonds Outstanding until there is no such action required for such Bonds and then such action shall be taken for each lower priority Class of Bonds Outstanding in order until such action shall no longer be required for each such Class.

"Capital Reserve Fund" shall mean the capital reserve fund created pursuant to Section 501 and described as such under the Act.

"Capital Reserve Fund Requirement," shall mean, at any time, Eligible Capital Reserve Assets in an amount equal to the least of the following: (1) 10% of the original stated principal amount of the Bonds then Outstanding; (2) 125% of the average annual principal and interest requirements on all Bonds then Outstanding; or (3) the maximum annual principal and interest requirements on all Bonds then Outstanding.

"Certificate" shall mean a signed document either attesting to or acknowledging the circumstances, representations or other matters therein stated or set forth or setting forth matters to be determined by an Authorized Officer pursuant to this Indenture.

"Class" shall mean one or more Series of Bonds, Credit Enhancement facilities, and Interest Rate Exchange Agreements having the same security interest with respect to the Trust Estate.

"Code" shall mean the Internal Revenue Code of 1986, as amended.

"Commission" shall mean the Alaska Commission on Postsecondary Education.

"Continuing Disclosure Certificate" shall mean, for each Series, the continuing disclosure certificate or agreement, if any, executed by the Corporation for the purpose of satisfying the continuing disclosure requirements of Rule 15c2-12 of the Securities and Exchange Commission with respect to such Series, as such continuing disclosure certificate or agreement is originally executed and as it may be amended from time to time in accordance with its terms.

"Corporation" shall mean the Alaska Student Loan Corporation, a public corporation and government instrumentality created and existing pursuant to the Act.

"Costs of Issuance" shall mean all items of expense directly or indirectly payable or reimbursable by or to the Corporation and related to the authorization, sale, or issuance of Bonds, including, but not limited to, printing costs; costs of preparation and

reproduction of documents; filing and recording fees; initial fees and charges of any Fiduciary and its counsel; legal fees and charges; underwriting compensation; placement agent compensation; fees and disbursements of consultants and professionals; costs of credit ratings; fees and charges of any Credit Enhancement Agency in connection with providing Credit Enhancement for any of the Bonds; fees and charges for preparation, execution, transportation and safekeeping of Bonds; costs and expenses of refunding; premiums for the insurance of the payment of Bonds; and any other cost, charge or fee in connection with the original issuance of Bonds.

"Counsel's Opinion" shall mean an opinion signed by an attorney or firm of attorneys of nationally recognized standing in the field of law relating to state and municipal financing (who may be counsel to the Corporation) selected by the Corporation and acceptable to the Trustee.

"Credit Enhancement" shall mean a letter of credit, a line of credit, a credit facility, a surety bond, bond insurance, or any other instrument or arrangement obtained in connection with the issuance of a Series of Bonds to further secure the payment of the Bonds of such Series or the payment of any Pledged Loans.

"Credit Enhancement Agency" shall mean any bank or other institution that provides Credit Enhancement.

"Credit Enhancement Fund" shall mean a Fund or Account authorized to be created by the Corporation under Section 510(B) for the purposes of holding and disbursing the proceeds of, or holding only, Credit Enhancement.

"Custodian/Depository/Servicing Agreement" shall mean that certain agreement with respect to custody of a portion of the Trust Estate by and among the Corporation, the Trustee, and the State through the Commission and through its Department of Revenue, dated March 1, 2005.

"Debt Service" shall mean, for a Series of Bonds Outstanding and for any Parity Obligations Outstanding, the scheduled amount of interest and Principal Installments payable on the Bonds of such Series or on such Parity Obligations (or substantially equivalent payments due on Parity Obligations) during the period of computation.

"Default Payment" shall mean all amounts (in any form) received by the Corporation, by the Trustee acting on behalf of the Bondholders, or by any agent of either of them as a result of the acceleration of the due date of any Pledged Loan because of an event of default with respect to such Pledged Loan.

"Depository" shall mean the State or any bank or trust company or national banking association selected by the Trustee or the Corporation as a depository of

moneys or securities held under the provisions of this Indenture, and may include the Trustee, if such party agrees to hold such money or securities as an agent of the Trustee.

"Event of Default" shall mean any of the events specified in clauses (1) through (7) of Section 1002.

"Excess Coverage" shall mean, as of any date of calculation, and except as otherwise provided in a Supplemental Indenture, the amount by which the sum of the value of (a) the Pledged Loans (valued at par plus accrued interest and accrued Special Allowance Payments, as such term is defined in the Higher Education Act, if any) credited to the Education Loan Fund and (b) all cash and Investment Securities held in the Funds and Accounts (valued as set forth herein or in the pertinent Supplemental Indenture, plus accrued interest, but excluding amounts irrevocably set aside to pay particular Bonds pursuant to Section 1201) shall exceed all of the following sums taken individually and not as an aggregate: (x) 107% of the sum of the principal and accrued interest on all Outstanding Class I Bonds; and (y) 101.5% of the sum of the principal of and accrued interest on all Outstanding Bonds; all as evidenced in a Certificate, upon which the Trustee may conclusively rely.

"Fiduciary" shall mean the Trustee, Registrar or any Paying Agent or any Co-Paying Agent or Co-Registrar for the Bonds or any Series of Bonds.

"Fitch" means Fitch, Inc. and its successors and assigns.

"Fund" shall mean one of the special trust funds established pursuant to Section 501(A) or Section 510.

"Guarantor" shall mean any entity which has entered into an agreement with the Corporation to guarantee education loans under the Higher Education Act or other federal law and has entered into an agreement with the Secretary for reinsurance of its guarantees of education loans.

"Higher Education Act" shall mean Title IV of the Higher Education Act of 1965, as amended, or any successor federal act, and the regulations, directives, bulletins, and guidelines promulgated thereunder.

"Indenture" shall mean this Indenture as from time to time amended and supplemented in accordance with the terms hereof.

"Interest Payment Date" shall mean any date upon which interest on any Bonds is payable in accordance with the terms of the Bonds and the terms of this Indenture or any Supplemental Indenture.

"Interest Rate Exchange Agreement" shall mean a contract entered into by the Corporation or by the Trustee on behalf of the Corporation providing for an interest rate cap, floor, or swap with respect to any Bonds or Pledged Loans.

"Investment Securities" shall have the meaning, with respect to any Class, set forth in any of the Supplemental Indentures authorizing a Series of Bonds of such Class if any of the Bonds of such Class and Series are Outstanding at the time of reference, provided that if more than one Series of Bonds of a particular Class has Bonds Outstanding and the meanings in the Supplemental Indentures are different, Investment Securities shall mean only those investments appearing in both or all Supplemental Indentures for Bonds of such Series and Class (in the determination of the Trustee, which shall be conclusive).

"Letter of Instructions" shall mean a letter or other written communication from Bond Counsel relating to the satisfaction of any Code provisions or Regulations applicable to any Bonds.

"Original Purchaser" shall mean with respect to each Series the first purchaser or purchasers of the Bonds of such Series from the Corporation.

"Outstanding", when used with reference to Bonds, shall mean, as of any date, all Bonds theretofore or thereupon being authenticated and delivered under this Indenture except:

- (1) Any Bonds canceled by the Corporation or the Trustee at or prior to such date;
- (2) Bonds for the transfer or exchange of or in lieu of or in substitution for which other Bonds shall have been authenticated and delivered pursuant to this Indenture; and
- (3) Bonds deemed to have been paid as provided in subsection (B) of Section 1201.

"Parity Obligations" shall mean bonds, notes, or other obligations so described in Section 209(A) hereof and issued under or secured by a Parity Obligation Instrument.

"Parity Obligation Instrument" shall mean the indenture, resolution, or other instrument securing any Parity Obligation and under which the Parity Obligation was issued.

"Paying Agent" shall mean any bank or trust company, which may include the Trustee, designated by the Corporation as paying agent or co-paying agent for the

Bonds of any Series, and its or their successor or successors hereafter appointed in the manner herein provided.

"Permitted Spread" shall mean the maximum spread between the yield on the Bonds of a Series and the yield on the Pledged Loans financed with proceeds of, or, under the Code or the Regulations, allocable to, the Series permitted under the Code and the Regulations without adversely affecting the tax-exempt status of such Bonds.

"Pledged Loan" shall mean any loan held in or credited to the Pledged Loan Fund under this Indenture.

"Pledged Loan Fund" shall mean the Pledged Loan Fund established pursuant to Section 501.

"Pledged Loan Note" shall mean the promissory note or other documentation evidencing a Pledged Loan.

"Pledged Receipts" shall mean (i) all revenues pledged by the Corporation in any Supplemental Indenture (ii) all amounts, including principal and interest payments, paid or payable or otherwise received under or pursuant to or with respect to any Pledged Loan (monthly or otherwise) including, without limitation, both timely and delinquent payments with late charges, fees and charges, special allowance payments, insurance or guaranty payments, subsidy payments, and all other revenues and income paid to the Trustee, the Corporation, or any agent of either on account of or in connection with any Pledged Loan, (iii) all Recoveries of Principal, and (iv) all interest paid or payable or any gain realized upon the investment or deposit of amounts in any Fund or Account, but shall not include any amount retained by any Servicer of any Pledged Loan (other than the Corporation, the Commission, or any related entity) as compensation for services rendered.

"Prepayment" shall mean any amount received or recovered as a prepayment of the principal amount of any Pledged Loan, including any prepayment penalty, fee, premium or other such additional charge, less the amount retained by any Servicer of such Pledged Loan, other than the Corporation, as additional compensation resulting from such prepayment.

"Principal Installment" shall mean, as of any date of calculation and with respect to the Outstanding Bonds of any Series, (i) the principal amount of such Bonds which are due on a certain future date, reduced by the aggregate principal amount of such Bonds which would be retired by reason of the payment when due and application in accordance with this Indenture of Sinking Fund Payments payable before such future date for the retirement of such Bonds or (ii) the unsatisfied balance, determined as

provided in subsection 505(E), of any Sinking Fund Payment due on a certain future date for such Bonds, plus the aggregate amount of the premiums, if any, which would be applicable on such future date upon the redemption of such Bonds by application of such Sinking Fund Payments in a principal amount equal to said unsatisfied balance or (iii) if such future dates coincide as to different Bonds of such Series, the sum of such principal amount of Bonds, unsatisfied balance and applicable premiums, if any or (iv) for any particular Series of Bonds the amount specified in the Supplemental Indenture authorizing such Series of Bonds.

"Principal Installment Date" shall mean any date upon which a Principal Installment is payable on any Bond in accordance with its terms and the terms of this Indenture.

"Program Expenses" shall mean all the Corporation's expenses in carrying out and administering its Education Loan Program, insofar as they are fairly allocable to all Pledged Loans, and in servicing the Pledged Loans; "Program Expenses" shall include, without limiting the generality of the foregoing, expenses incurred in the collection of Pledged Loans; salaries, supplies, utilities, mailing, labor, materials, office rent, maintenance, furnishings, equipment, machinery and apparatus; insurance premiums; legal, accounting, management, consulting and banking services and expenses; the fees and expenses of the Trustee and its agents and counsel; the fees and expenses of Depositaries and Paying Agents; Costs of Issuance not paid from proceeds of Bonds; and payments for pension, retirement, health and hospitalization and life and disability insurance benefits, all to the extent properly allocable to the Education Loan Program insofar as they are fairly allocable to Pledged Loans.

"Purchase Agreement" shall mean the agreement between the Corporation and the original purchaser or underwriter of any Series of Bonds relating to the issuance of such Bonds by the Corporation and the purchase of such Bonds by such original purchaser or underwriter.

"Rating Agency" shall mean any securities rating agency but only if and during the times that such agency shall have assigned, at the request of the Corporation or in connection with any Credit Enhancement obtained by the Corporation, and have in effect a rating for any of the Outstanding Bonds. The Corporation may at any time and in its discretion determine that any such rating agency shall not be a "Rating Agency" under this definition, and upon such determination such rating agency shall cease to be a "Rating Agency."

"Rating Confirmation" shall mean a letter from each Rating Agency then providing a rating for any Bonds confirming that the action proposed to be taken will not, in and of itself, have the effect of (i) reducing or withdrawing the rating then applicable to those Bonds if those Bonds are not secured by Credit Enhancement, or



(ii) if those Bonds are secured by Credit Enhancement which requires that the ratings on the Bonds (without regard to Credit Enhancement) be maintained at a certain minimum rating, reducing their rating to a rating below such minimum rating without regard to the rating of the Credit Enhancement Agency or withdrawing the rating. In the event that all Bonds issued hereunder are secured by Credit Enhancement and there is no public rating published at the request of the Corporation with respect to the Bonds, the letter from each Rating Agency referred to above may include a letter to the Credit Enhancement Agency from each Rating Agency that has provided the Credit Enhancement Agency with a rating for the Bonds (for purposes of the Credit Enhancement Agency's capital requirements or otherwise), that such rating will not be reduced or withdrawn.

"Record Date" shall have the meaning set forth in the Supplemental Indenture authorizing the particular Series of Bonds.

"Recoveries of Principal" shall mean all amounts received by the Corporation as a recovery of the principal amount of any Pledged Loan, including any Default Payment, Prepayment or Sale Payment.

"Redemption Date" shall mean the date on which any Bonds are subject to redemption.

"Redemption Account" shall mean the Redemption Account of the Revenue Fund established pursuant to Section 501.

"Redemption Price" shall mean, with respect to any Bond, the principal amount thereof plus the applicable premium, if any, payable upon redemption thereof pursuant to the provisions of such Bond, this Indenture, or the Supplemental Indenture that authorized the issuance of such Bond.

"Refunding Bonds" shall mean all Bonds, whether issued in one or more Series, authenticated and delivered on original issuance for the purpose of refunding Bonds or other obligations of the Corporation and all Bonds thereafter authenticated and delivered upon the transfer or exchange of or in lieu of or in substitution for such Bonds pursuant to this Indenture.

"Registrar" shall mean the person or entity responsible for maintaining the registration books of the Corporation with respect to the Bonds.

"Regulations" shall mean temporary and permanent regulations promulgated under the Code.

"Revenue Fund" shall mean the Revenue Fund established pursuant to Section 501.

"Sale Payment" shall mean any amount received by the Corporation from the sale, assignment, endorsement or other disposition of any Pledged Loan, except Prepayments or Default Payments; provided that withdrawal of a Pledged Loan pursuant to Section 507(B) shall not be considered a disposition leading to a Sale Payment.

"Secretary" shall mean the Secretary of the United States Department of Education.

"Series" shall mean all the Bonds authenticated and delivered on original issuance pursuant to a Supplemental Indenture and designated as a Series therein and any Bonds thereafter authenticated and delivered upon the transfer or exchange of or in lieu of or in substitution for (but not to refund) such Bonds as herein provided, regardless of variations in maturity, interest rate, Sinking Fund Payments, or other provisions.

"Series Account" shall mean, for each Series, the Series State Projects Account established for such Series pursuant to Section 502.

"Servicer" shall mean the Corporation, the Commission, or, if there has been filed with the Trustee a Rating Confirmation reflecting the servicing of any Pledged Loan by another institution pursuant to a Servicing Agreement, any such institution.

"Servicing Agreement" shall mean a contractual agreement of the Corporation with a Servicer other than the Corporation for the servicing of Pledged Loans by the Servicer.

"Sinking Fund Installment" shall mean, as of any particular date of calculation and with respect to the Outstanding Bonds of any Series, the amount required to be paid at all events by the Corporation on a single future date for the retirement of Bonds of such Series which mature after said future date, but does not include any amount payable by the Corporation by reason only of the maturity of a Bond.

"S&P" shall mean Standard & Poor's Rating Group.

"State" shall mean the State of Alaska.

"State Projects" means projects identified by Alaska law as eligible for financing with proceeds of the Bonds.

"Subordinate Obligations" shall mean bonds, notes, or other obligations described in Section 209(B).

"Supplemental Indenture" shall mean an indenture supplemental to or amendatory of this Indenture, executed by the Corporation and effective as provided in Article VIII.

"Surplus Revenues" shall mean amounts held at any time in the Revenue Fund and described in Paragraph Seventh of Section 503(C) hereof.

"Trustee" shall mean the trustee appointed pursuant to Article XI and any successor or successors to it or any other person at any time substituted in its place pursuant to this Indenture.

"Trust Estate" shall have the meaning provided in the Granting Clauses of this Indenture.

"Yield Reduction Payment" shall mean the minimum amounts payable to the United States Treasury as described in Treas. Reg. §1.148-5(c).

Section 102 - Interpretations. (A) In this Indenture, unless the context otherwise requires:

(1) Articles and Sections referred to by number shall mean the corresponding Articles and Sections of this Indenture;

(2) The terms "hereby", "hereof", "hereto", "herein", "hereunder" and any similar terms, as used in this Indenture, refer to this Indenture, and the term "hereafter" shall mean after, and the term "heretofore" shall mean before, the date of its execution:

(3) Words of the masculine gender shall mean and include correlative words of the feminine and neuter genders and words importing the singular number shall mean and include the plural number and vice versa;

(4) Words importing persons shall include firms, associations, partnerships (including limited partnerships), trusts, corporations and other legal entities, including public bodies, as well as natural persons;

(5) Words importing the redemption or redeeming of a Bond or the calling of a Bond for redemption do not include or connote the payment of such Bond at its stated maturity or the purchase of such Bond;

(6) Any headings preceding the texts of the several Articles and Sections of this Indenture, and table of contents or marginal notes appended to copies hereof, shall be solely for convenience of reference and shall not constitute a part of this Indenture, nor shall they affect its meaning, construction or effect;

(7) If a Supplemental Indenture authorizes coupon Bonds it shall make provisions for publication of notices required to be mailed hereafter in an Authorized Newspaper. The notices shall be published and contain the same information as notices required to be mailed. If, because of the temporary or permanent suspension of the publication or general circulation of all Authorized Newspapers or for any other reason, it is impossible or impractical to publish any notice pursuant to this Indenture in the manner herein provided, then such publication in lieu thereof as shall be made with the approval of the Trustee shall constitute a sufficient publication of such notice;

(8) With respect to any Bond that bears interest at a stated rate, compounded periodically, first payable (i) at maturity or prior redemption or (ii) commencing as of a date more than one year after the initial authentication and delivery thereof, for all purposes of this Indenture and of any Supplemental Indenture adopted pursuant to this Indenture, unless the context or the related Supplemental Indenture otherwise requires, the "principal amount" of such Bond as of any date of calculation shall be deemed to be equal to the sum of (x) the stated principal amount of such Bond upon original issuance plus (y) an amount equal to interest thereon accrued (and not currently payable) and compounded at the applicable rate to the Bond Payment Date or other date specified in the related Supplemental Indenture which most immediately precedes or corresponds to the date of calculation;

(9) This Indenture shall be governed by and construed in accordance with the applicable laws of the State;

(10) Any requirement for amounts to be deposited in any Fund or Account shall be considered satisfied upon the crediting of such amounts to such Fund or Account; and

(11) Any requirement herein or in any Supplemental Indenture for the payment of any money or the taking of any other action on a particular date may, unless otherwise specifically required, be taken on the Business Day following such date if such date is not a Business Day and such requirement shall thereupon be satisfied with the same effect as if the payment was made or the action taken on the date required.

(B) Nothing in this Indenture expressed or implied is intended or shall be construed to confer upon, or to give to, any person, other than the Corporation, the Fiduciaries, the Credit Enhancement Agencies and the counterparties to Interest Rate Exchange Agreements to which the Corporation has expressly granted an interest herein and then only to the extent of that interest, and the holders of the Bonds any right, remedy or claim under or by reason of this Indenture or any covenant, conditions or stipulation thereof. All the covenants, stipulations, promises and agreements in this Indenture contained by and on behalf of the Corporation shall be for the sole and exclusive benefit of the Corporation, the Fiduciaries, such Credit Enhancement Agencies and counterparties to Interest Rate Exchange Agreements, and the holders of the Bonds.

Section 103 - Severability of Invalid Provisions. If any one or more of the covenants or agreements provided in this Indenture on the part of the Corporation or any Fiduciary to be performed should be contrary to law, then such covenant or covenants or agreement or agreements, shall be deemed separable from the remaining covenants and agreements hereof, and shall in no way affect the validity of the other provisions of this Indenture or of the Bonds.

## ARTICLE II AUTHORIZATION, OBLIGATION AND ISSUANCE OF BONDS

Section 201 - Authorization for Indenture. This Indenture is authorized and executed by virtue of and pursuant to the provisions of the Act. The Corporation has ascertained and hereby determines and declares that execution of this Indenture is necessary to carry out the powers and duties expressly provided by the Act, that each and every act, matter, thing or course of conduct as to which provision is made herein is necessary or convenient in order to carry out and effectuate the purposes of the Corporation in accordance with the Act and to carry out powers expressly given in the Act and that each and every covenant or agreement herein contained and made is necessary, useful or convenient in order to better secure the Bonds and are contracts or agreements necessary, useful and convenient to carry out and effectuate the corporate purposes of the Corporation under the Act.

Section 202 - Indenture to Constitute Contract. In consideration of the purchase and acceptance of the Bonds by those who shall hold the same from time to time, the provisions of this Indenture shall be a part of the contract of the Corporation with the holders of Bonds and shall be deemed to be and shall constitute a contract between the Corporation, the Trustee and the holders from time to time of the Bonds. The pledge hereof and the provisions, covenants and agreements herein set forth to be performed by or on behalf of the Corporation shall be for the benefit, protection and security of the holders of any and all of such Bonds. Each Bond, Credit Enhancement facility, and Interest Rate Exchange Agreement of a Class, regardless of the time or

times of its issue or maturity, shall be of equal rank without preference, priority or distinction over any other Bond, Credit Enhancement facility, or Interest Rate Exchange Agreement of such Class except as expressly provided in this Indenture.

Section 203 - Obligation of Bonds. This Indenture authorizes the Corporation to create one or more series of bonds of the Corporation and creates a continuing pledge and lien to secure the full and final payment of the principal or Redemption Price of and interest on such bonds, and any Sinking Fund Installments for the retirement thereof. The Bonds shall be special, limited obligations of the Corporation, and the principal or Redemption Price, if any, thereof and the interest thereon shall be payable solely from the Trust Estate, subject to the provisions of Section 510(D) hereof authorizing the Corporation to create a security interest in the Trust Estate in favor of Credit Enhancement Agencies and counterparties to Interest Rate Exchange Agreements. The Bonds shall contain on their face a statement that neither the faith and credit nor the taxing power of the State or of any political subdivision of the State is pledged to the payment of the principal thereof or the interest thereon.

Section 204 - Authorization of Bonds. In order to provide funds to finance State Projects, bonds of the Corporation are hereby authorized to be issued from time to time without limitation as to amount except as herein provided or as may be limited by law, and such bonds shall be issued subject to the terms, conditions, and limitations established in this Indenture and any Supplemental Indenture applicable to such bonds and in one or more Series and in such Classes as hereinafter provided.

Section 205 - Issuance and Delivery of Bonds; Classes of Obligations. (A) After their authorization by a Supplemental Indenture, Bonds of a Series may be executed by or on behalf of the Corporation and delivered to the Trustee for authentication and, upon compliance by the Corporation with the requirements, if any, set forth in such Supplemental Indenture and with the requirements of Section 206 or, in the case of Refunding Bonds, Section 207, the Trustee shall thereupon authenticate and deliver such Bonds to or upon the order of the Corporation.

(B) The Corporation may designate Classes of Bonds and may also include Credit Enhancement facilities and Interest Rate Exchange Agreements in such Classes. Unless otherwise designated, any Bond shall be presumed to be of the highest Class, and such highest Class shall be referred to as "Class I." Lower Classes shall be designated by successive roman numerals. Except as otherwise provided in a Supplemental Indenture relating to any Series or Class of Bonds, the Trustee and the Corporation are obligated to apply the Trust Estate to the payment of amounts due By Class in Descending Order of Priority.

Section 206 - Conditions Precedent to Delivery of a Series of Bonds. All (but not less than all) the Bonds of a Series (other than Refunding Bonds) shall be executed by

the Corporation for issuance and delivered to the Trustee and thereupon shall be authenticated by the Trustee and delivered to the Corporation or upon its order, but only upon satisfaction of Section 708 hereof and the receipt by the Trustee of:

(1) A Counsel's Opinion to the effect that (i) the Corporation has the right and power to execute and deliver this Indenture and the Supplemental Indenture authorizing such Series under the Act as amended to the date of such Opinion; (ii) this Indenture and such Supplemental Indenture has been duly and lawfully executed and delivered by the Corporation, is in full force and effect and is valid and binding upon the Corporation and enforceable in accordance with its terms (subject, as to enforcement of remedies, to applicable bankruptcy, reorganization, insolvency, moratorium, or other laws affecting creditors' rights generally from time to time in effect); (iii) this Indenture and such Supplemental Indenture creates the valid pledge and assignment which it purports to create of the Trust Estate, subject to the application thereof to the purposes and on the conditions permitted by this Indenture; (iv) the Bonds of such Series are valid and binding special, limited obligations of the Corporation, enforceable in accordance with their terms and the terms of this Indenture and such Supplemental Indenture; and (v) the Bonds of such Series have been duly and validly authorized and issued in accordance with the constitution and statutes of the State, including the Act as amended to the date of such Opinion, and in accordance with this Indenture;

(2) A written order as to the delivery of such Bonds, signed by an Authorized Officer;

(3) Either an original of the Supplemental Indenture authorizing such Series or a copy thereof certified by an Authorized Officer, which Supplemental Indenture shall specify:

(a) The authorized principal amount and Series designation of such Bonds; if such Bonds are of a Class lower than Class I, the Supplemental Indenture must include such designation as well;

(b) The purposes for which such Series is being issued, which shall be one or more of the following: (i) financing State Projects; (ii) financing any program or activity of the Corporation; (iii) making deposits into any Fund or Account, (iv) refunding any Bonds, or (v) paying Costs of Issuance;

(c) The date, and the maturity date or dates, of the Bonds of such Series or the method of determining the same;

(d) (i) The interest rate or rates (if any) or maximum interest rate of the Bonds of such Series, or the manner of determining such rate or rates (which may be determinable at one or more specified times set forth in the Supplemental Indenture, which may accrete or compound with such frequencies or in such manner as shall be specified in such Supplemental Indenture and which shall be as otherwise specified in the Supplemental Indenture), and the Interest Payment Dates and Record Dates therefor and (ii) a manner of calculating accreted value or compounded principal value during all or any part of the term of the Series of Bonds being authorized, if interest is not payable currently and the Corporation determines that it is necessary or appropriate;

(e) The Paying Agent or Paying Agents and the place or places of payment of the principal and Redemption Price, if any, of, and interest on, the Bonds of such Series or the manner of appointing and designating the same;

(f) The Redemption Price or Prices, if any, and, subject to the provisions of Article VI, the redemption terms for the Bonds of such Series;

(g) The amount and due date of each Sinking Fund Installment, if any, for Bonds of like maturity of such Series;

(h) The forms of the Bonds of such Series and of the Trustee's certificate of authentication;

(i) If, at the time of issuance of the Bonds of such Series, an Interest Rate Exchange Agreement will apply to such Bonds or such Bonds are to be secured by Credit Enhancement, the form of Credit Enhancement or Interest Rate Exchange Agreement to be obtained, the identity of the Credit Enhancement Agency or of the counterparty to the Interest Rate Exchange Agreement, and the substantial form of the significant documents relating to the Credit Enhancement or Interest Rate Exchange Agreement;

(j) If Bonds of such Series are to contain any tender or put options or the like, whether such Bonds are to be remarketed and, if so, the identity of any remarketing agent and the substantial form of any remarketing agreement relating to such Bonds;



(k) Whether interest on the Bonds of such Series is intended to be excludible from gross income for federal income tax purposes pursuant to Section 103(a) of the Code or any successor statute thereto;

(l) Any other provisions deemed advisable by the Corporation as shall not conflict with the provisions hereof; and

(m) Such additional matters as may be necessary or appropriate to cause interest on the Bonds of the Series to be issued pursuant to such Supplemental Indenture to be exempt from federal income taxation pursuant to Section 103(a) of the Code if it is intended that interest on the Bonds be so exempt and to prevent the issuance of such Series from adversely affecting the federal income tax treatment of any Outstanding Bonds and the interest thereon intended to be so exempt;

(4) The amount of the proceeds of such Series to be deposited in any Fund or Account held by the Trustee pursuant to Section 501;

(5) A Certificate that no Event of Default or a payment default relating to any Bonds exists or remains uncured or will result from such additional issuance, unless such additional issuance will cure such Event of Default or such payment default; and

(6) Such further documents and moneys as are required by the provisions of Article VIII or any Supplemental Indenture adopted pursuant to Article VIII.

Section 207 - Conditions Precedent to Delivery of a Series of Refunding Bonds.

(A) All Refunding Bonds of a Series shall be executed by the Corporation for issuance and delivered to the Trustee and thereupon shall be authenticated by the Trustee and delivered to the Corporation or upon its order, but only if the applicable financial tests and other requirements of Sections 208 and 708 hereof are satisfied and only upon the receipt by the Trustee of:

(1) The documents and moneys, if any, referred to in paragraphs (1), (2), (3), (4), (5) and (6) of Section 206;

(2) Either (i) moneys (which may include all or a portion of the proceeds of the Refunding Bonds to be issued) in an amount sufficient to effect payment at the applicable Redemption Price of the Bonds or other obligations to be refunded, together with accrued interest on such Bonds or other obligations to the redemption date, or (ii) direct obligations of (including

obligations issued or held in book-entry form on the books of) the Department of the Treasury of the United States of America which are not subject to redemption prior to the dates on which amounts will be needed to make payments on the Bonds or other obligations to be refunded and the principal of and interest on which when due, together with the moneys (which may include all or a portion of the proceeds of the Refunding Bonds to be issued), if any, contemporaneously deposited with the Trustee, will be sufficient to pay when due the applicable Redemption Price of the Bonds or other obligations to be refunded, together with accrued interest on such Bonds or other obligations to the redemption date, which moneys or Investment Securities shall be held by the Trustee or any one or more of the Paying Agents or an escrow agent or trustee for other obligations in a separate account irrevocably in trust for and assigned to the respective holders of the Bonds or other obligations to be refunded; and

(3) Such further documents and moneys as are required by the provisions of Article VIII or any Supplemental Indenture adopted pursuant to Article VIII.

(B) Neither Investment Securities nor moneys deposited with the Trustee or an escrow agent or trustee for other obligations pursuant to paragraph (A) (2) of this Section nor principal or interest payments on any such Investment Securities shall be withdrawn or used for any purpose other than, and shall be held in trust for, the payment of the applicable Redemption Price of the Bonds or other obligations to be refunded, together with accrued interest on such Bonds or other obligations to the redemption date, and any cash received from such principal or interest payments, if not then needed for such purpose, shall, to the extent practicable, be reinvested in such Investment Securities as are described in clause (ii) of said paragraph maturing at times and in amounts sufficient to pay when due the applicable Redemption Price of such Bonds or other obligations, together with such accrued interest.

Section 208 - Requirements for the Issuance of Additional Bonds. Additional Bonds may not be issued unless, in addition to the requirements of Section 206 or Section 207, whichever is applicable, the following requirements are satisfied:

(i) if any Bonds are Outstanding prior to the issuance of the Additional Bonds and will remain Outstanding after the issuance of the Additional Bonds, the Trustee receives a Rating Confirmation taking into consideration the issuance of such Additional Bonds,

(ii) no Event of Default under this Indenture, or payment default with respect to any Bonds, as to which the Trustee has knowledge shall exist and remain uncured (unless the issuance of the Additional Bonds and the application of the proceeds thereof will cure the Event of Default or payment default),

(iii) the Capital Reserve Fund, immediately after the issuance of such Additional Bonds, will be funded to at least the Capital Reserve Fund Requirement, and

(iv) any additional requirements imposed by a Supplemental Indenture are satisfied.

Section 209 - Parity Obligations; Subordinate Obligations. (A) The Corporation may issue Parity Obligations under instruments other than this Indenture for any lawful purpose of the Corporation, provided that the requirements of this Indenture for the issuance of Additional Bonds would be met if the term "Parity Obligation" were substituted for the term "Additional Bonds" appearing therein and in the defined terms therein (other than any requirement with respect to funding the Capital Reserve Fund) and as if the Parity Obligations were being issued hereunder, and subject to any additional limitations that may be set forth in a Supplemental Indenture authorizing a Series of Bonds. Parity Obligations shall equally and ratably rank with all Bonds, Credit Enhancement facilities, and Interest Rate Exchange Agreements of the same Class as the Parity Obligations except as to the Capital Reserve Fund, in which they shall have no rights whatsoever. Parity Obligations shall be subject to the following additional conditions:

(1) The Trustee shall act as trustee under any Parity Obligation Instrument.

(2) The Parity Obligations must be secured by a lien on any property financed with the proceeds of the Parity Obligations.

(3) If any Parity Obligations are to be secured by any lien, mortgage or security interest on property that is not part of the Trust Estate, the Corporation shall grant a lien, mortgage or security interest on such property (other than any capital reserve fund comparable to the Capital Reserve Fund) to the Trustee as security for the Bonds on a parity with the lien, mortgage or security interest which will secure such Parity Obligations; the Bonds shall share in such security interest by Class.

(4) Any default under or with respect to any Parity Obligation Instrument shall be a default under this Indenture only if and to the extent that a similar event with respect to a Bond of the same Class as such Parity Obligation would be an Event of Default, and there shall be included in any Parity Obligation Instrument a provision that any Event of Default under this Indenture shall automatically be a default under such Parity Obligation Instrument.

(5) According to the terms of any Parity Obligation or Parity Obligation Instrument, the Trustee shall have substantially the same duties, obligations, rights and remedies in connection with events of default and security for or with respect to the Parity Obligations as it has in connection with Events of Default and the Trust Estate hereunder.

(6) Any Parity Obligation Instrument shall include such other provisions, reasonably satisfactory to the Trustee, as shall be necessary to permit the Trustee to perform any duties and obligations and exercise its rights and remedies under this Indenture and any Parity Obligation Instrument.

If there occurs an Event of Default under this Indenture, including an Event of Default based upon an event of default with respect to a Parity Obligation, and the Trustee applies the Trust Estate to the payment of the Bonds, all collateral held as security by the Trustee for the payment of the Bonds (other than the Capital Reserve Fund), and all collateral held as security for the Parity Obligations (other than any reserve fund comparable to the Capital Reserve Fund) shall be aggregated and applied equally and ratably to the payment of the Bonds and Parity Obligations of the same Class.

(B) The Corporation may issue Subordinate Obligations from time to time under instruments other than this Indenture subject to the conditions set forth below in this Section 209(B) and subject to any additional conditions that may be set forth in a Supplemental Indenture authorizing a Series of Bonds. Subordinate Obligations may be secured by such assets as may be described in the instrument authorizing the issuance of the Subordinate Obligations, but Subordinate Obligations shall have no security in or pledge or lien on or rights of any kind whatsoever with respect to the Trust Estate that is greater than the security, pledge, lien, or rights of the Bonds of the lowest Class Outstanding.

### ARTICLE III GENERAL TERMS AND PROVISIONS OF BONDS

Section 301 - Title and Date of Bonds. Subject to the provisions of Section 303, each Bond shall be entitled "State Projects Revenue Bonds" and shall bear such additional letter or number Series designation as shall be determined in the Supplemental Indenture authorizing the Bonds of the Series of which such Bond is one. The Bonds of each Series shall be dated as of and bear interest from the date specified in the Supplemental Indenture that authorized such Series, which date may be contemporaneous with or prior to or after the date of issuance of such Bonds.

Section 302 - Principal Installment and Interest Payment Dates. The date upon which each Principal Installment with respect to any Bond is payable and the dates upon which interest on such Bond shall be payable shall be specified in the Supplemental Indenture authorizing the Series of which such Bond is a part.

Section 303 - Legends. The Bonds of each Series shall contain or have endorsed thereon a statement to the effect that the State shall not be liable thereon and that such Bond shall not be a debt of the State and may contain or have endorsed thereon such provisions, specifications and descriptive words not inconsistent with the provisions of this Indenture as may be necessary or desirable to comply with custom or otherwise as may be determined by the Corporation prior to delivery thereof.

Section 304 - Place and Medium of Payment. The interest on, and the principal (and premium, if any) of each Bond of any Series shall be payable at the principal corporate trust office of the Trustee in St. Paul, Minnesota or at such other location and subject to any terms and conditions as may be specified in the Supplemental Indenture authorizing the Series of which such Bond is a part. Payment of interest on and principal (and premium, if any) of each Bond of any Series shall be made in lawful money of the United States of America which at the time of payment is legal tender for the payment of public and private debts.

Section 305 - Form and Denominations; Payment of Interest. The Bonds of each Series may be issued in the form of fully registered Bonds without coupons or, if the Corporation and the Trustee enter into a Supplemental Indenture to provide necessary terms under Section 801(5), in the form of bearer Bonds with coupons. Interest on Bonds shall be payable to the registered owner thereof as of the applicable Record Date as shown on the registry books of the Corporation kept for such purpose by the Trustee.

Section 306 - Negotiability, Transfer and Registry. (A) Each Bond shall be transferable only upon the books of the Corporation, which shall be kept for the purpose by the Trustee or any co-registrars specified in a Supplemental Indenture, by the registered owner thereof in person or by his attorney duly authorized in writing, upon surrender thereof together with a written instrument of transfer satisfactory to the Trustee duly executed by the registered owner or his duly authorized attorney. Upon the transfer of any such Bond, the Corporation shall issue in the name of the transferee a new Bond or Bonds of the same aggregate principal amount, Series, Class, maturity, and interest rate as the surrendered Bond.

(B) The Corporation and each Fiduciary may deem and treat the person in whose name any Bond shall be registered upon the books of the Corporation as the absolute owner of such Bond, whether such Bond shall be overdue or not, for the purpose of receiving payment of, or on account of, the principal and Redemption Price,

if any, of and interest on such Bond and for all other purposes, and all such payments so made to any such registered owner or upon his order shall be valid and effectual to satisfy and discharge the liability upon such Bond to the extent of the sum or sums so paid, and neither the Corporation nor any Fiduciary shall be affected by any notice to the contrary. The Corporation agrees to indemnify and save each Fiduciary harmless from and against any and all loss, cost, charge, expense judgment or liability incurred by it, acting in good faith and without negligence under this Indenture, in so treating any such registered owner.

Section 307 - Regulations With Respect to Exchanges and Transfers. In all cases in which the privilege of exchanging Bonds or transferring Bonds is exercised, the Corporation shall execute and the Trustee shall authenticate and deliver Bonds in accordance with the provisions of this Indenture. All Bonds surrendered in any such exchanges or transfers shall forthwith be cancelled by the Trustee. For every such exchange or transfer of Bonds, whether temporary or definitive, the Corporation or the Trustee may, as a condition precedent to the privilege of making such exchange or transfer, make a charge sufficient to reimburse it for any tax, fee or other governmental charge required to be paid with respect to such exchange or transfer. Neither the Corporation nor the Trustee shall be required (i) to transfer or exchange Bonds of any Series during the 15 days (or such other period of time as may be specified in the Supplemental Indenture authorizing such Series) preceding an Interest Payment Date on the Bonds of such Series or preceding any selection of Bonds of such Series to be redeemed or (ii) to transfer or exchange any Bonds previously called for redemption.

Section 308 - Bonds Mutilated, Destroyed, Stolen or Lost. In case any Bond shall become mutilated or be destroyed, stolen or lost, the Corporation shall execute, and thereupon the Trustee shall authenticate and deliver a new Bond of like Series, Class, maturity and principal amount as the Bond so mutilated, destroyed, stolen or lost, in exchange and substitution for such mutilated Bond, upon surrender and cancellation of such mutilated Bond or in lieu of and substitution for the Bond destroyed, stolen or lost, upon filing with the Trustee evidence satisfactory to the Corporation and the Trustee that such Bond has been destroyed, stolen or lost and proof of ownership thereof, and upon furnishing the Corporation and the Trustee with indemnity satisfactory to them and complying with such other reasonable regulations as the Corporation and the Trustee may prescribe and paying such expenses as the Corporation and Trustee may incur. All Bonds so surrendered to the Trustee shall be cancelled by it. Any such new Bonds issued pursuant to this Section in substitution for Bonds alleged to be destroyed, stolen or lost shall constitute original additional contractual obligations on the part of the Corporation, regardless of whether the Bonds so alleged to be destroyed, stolen or lost be at any time enforceable by anyone, and shall be equally secured by and entitled to equal and proportionate benefits with all other Bonds issued under this Indenture, in any moneys or securities held by the

Corporation or the Fiduciaries for the benefit of the Bondholders. If a bondholder satisfies the conditions set forth in this section for the replacement of a mutilated Bond or a Bond alleged to be destroyed, stolen, or lost and such Bond has matured or all principal thereof and interest thereon shall become due for any other reason, then the Trustee may pay such principal of and interest on such Bond without issuing a replacement Bond.

Section 309 - Preparation of Definitive Bonds, Temporary Bonds. (A) Until the definitive Bonds of any Series are prepared, the Corporation may execute, in the same manner as is provided in Section 311, and, upon the request of the Corporation, the Trustee shall authenticate and deliver, in lieu of definitive Bonds, but subject to the same provisions, limitations and conditions as the definitive Bonds except as to the denominations thereof and as to interchangeability thereof, one or more temporary Bonds substantially of the tenor of the definitive Bonds in lieu of which such temporary Bond or Bonds are issued, in such denominations as may be authorized by the Corporation, and with such omissions, insertions and variations as may be appropriate to temporary Bonds. The Corporation at its own expense shall prepare and execute and, upon the surrender therefor of such temporary Bonds, the Trustee shall authenticate and, without charge to the holder thereof, deliver in exchange therefore, definitive Bonds of the same aggregate principal amount, Series, Class, and maturity as the temporary Bonds surrendered. Until so exchanged the temporary Bonds shall in all respects be entitled to the same benefits and security as definitive Bonds authenticated and issued pursuant to this Indenture.

(B) If the Corporation shall authorize the issuance of temporary Bonds in more than one denomination, the holder of any temporary Bond or Bonds may, at his option, surrender the same to the Trustee in exchange for another temporary Bond or Bonds of like aggregate principal amount, Series, Class, and maturity of any other authorized denomination or denominations, and thereupon the Corporation shall execute and the Trustee shall authenticate and, in exchange for the temporary Bond or Bonds so surrendered and upon payment of the taxes, fees and charges provided for in Section 307, shall deliver a temporary Bond or Bonds of like aggregate principal amount, Series, Class, and maturity in such other authorized denomination or denominations as shall be requested by such holder.

(C) All temporary Bonds surrendered in exchange either for another temporary Bond or Bonds or for a definitive Bond or Bonds shall be forthwith cancelled by the Trustee.

Section 310 - Cancellation and Destruction of Bonds. All Bonds paid or redeemed, either at or before maturity, shall be delivered to the Trustee when such payment or redemption is made, and such Bonds, together with all Bonds purchased by the Trustee, shall thereupon be promptly cancelled. Bonds so cancelled may, at any

time, be cremated or otherwise destroyed by the Trustee, who shall execute a Certificate of cremation or destruction in duplicate by the signature of one of its authorized officers describing the Bonds so cremated or otherwise destroyed, and one executed Certificate shall be filed with the Corporation and the other executed Certificate shall be retained by the Trustee.

Section 311 - Execution and Authentication. (A) After their authorization by a Supplemental Indenture, Bonds of a Series may be executed by or on behalf of the Corporation and delivered to the Trustee for authentication. The Bonds shall be executed in the name and on behalf of the Corporation by the manual or facsimile signature of the Chairman or Executive Officer of the Corporation, and the corporate seal of the Corporation (or a facsimile thereof) shall be thereunto affixed, imprinted, engraved or otherwise reproduced thereon, and attested by the manual or facsimile signature of any other Authorized Officer, or in such other manner as may be required by law. In case any one or more of the officers or employees who shall have signed or sealed any of the Bonds shall cease to be such officer or employee before the Bonds so signed and sealed shall have been actually delivered, such Bonds may, nevertheless, be delivered as herein provided, and may be issued as if the persons who signed or sealed such Bonds had not ceased to hold such offices or be so employed. Any Bond of a Series may be signed and sealed on behalf of the Corporation by such persons as at the actual time of the execution of such Bond shall be duly authorized or hold the proper office in or employment by the Corporation, although at the date of the Bonds of such Series such persons may not have been so authorized or have held such office or employment.

(B) The Bonds of each Series shall bear thereon a certificate of authentication, in the form set forth in the Supplemental Indenture authorizing such Bond, executed manually by the Trustee or by an agent of the Trustee approved by the Corporation. No Bond shall be entitled to any right or benefit under this Indenture or shall be valid or obligatory shall for any purpose until such certificate of authentication shall have been duly executed by the Trustee. Such certificate of the Trustee upon any Bond executed on behalf of the Corporation shall be conclusive evidence that the Bond so authenticated has been duly executed, authenticated and delivered under this Indenture and that the holder thereof is entitled to the benefits hereof.

#### ARTICLE IV APPLICATION OF BOND PROCEEDS, PLEDGED RECEIPTS, AND OTHER AMOUNTS

Section 401 - Application of Bond Proceeds, Accrued Interest and Premium. (A) The proceeds of sale of the Bonds of each Series shall, except to the extent that such Bonds shall be Refunding Bonds, as soon as practicable upon the delivery of such Bonds by the Trustee pursuant to Section 206, be applied as follows:



(1) The amount, if any, necessary to cause the amount on deposit in the Capital Reserve Fund to equal the Capital Reserve Fund Requirement immediately after such delivery shall be deposited in the Capital Reserve Fund;

(2) The amount, if any, to be deposited therein pursuant to the Supplemental Indenture authorizing the issuance of such Series shall be deposited in the Interest Account;

(3) The balance remaining after all other deposits required by this Section have been made shall be deposited in the Series Account within the State Projects Fund established for such Series.

(B) The proceeds of sale of the Bonds of a Series of Refunding Bonds or the proceeds of the Refunding Bonds of any Series which includes Refunding Bonds, shall be deposited in the Redemption Account or shall be applied as otherwise provided in the Supplemental Indenture authorizing the issuance of such Series of Bonds; provided, however, that if the amount in the Capital Reserve Fund is, or will be at the time of issuance of such Refunding Bonds, less than the Capital Reserve Fund Requirement, then the Corporation must deposit in the Capital Reserve Fund the amount necessary to cure such deficiency or, if the Corporation fails to make such deposit on the date of issuance of such Refunding Bonds, such amount must be so deposited from proceeds of such Refunding Bonds.

Section 402 - Application of Pledged Receipts and Other Amounts. (A) Pledged Receipts shall, promptly upon their receipt, be deposited with a Depositary (who shall hold the same in a custodial account as agent for the Trustee subject to the provisions of Section 511) and transmitted to the Trustee at least monthly; such Pledged Receipts, together with all Pledged Receipts collected by the Trustee, shall be credited to the Revenue Fund, except for Pledged Receipts which are investment earnings of the Capital Reserve Fund, which shall be credited to the Capital Reserve Fund in accordance with Section 506(B). Upon receipt by the Trustee or any Depositary of any Pledged Receipts, such Pledged Receipts shall be deemed to be credited to the Revenue Fund, except for Pledged Receipts which are investment earnings of the Capital Reserve Fund, which shall be deemed to be credited to the Capital Reserve Fund in accordance with Section 506(B).

(B) The Corporation may make a deposit of money or any other assets to any Fund or Account, and the Trustee shall accept such deposit for such Fund or Account. When such deposit is made, such money or other assets shall be held for the purpose or purposes of such Fund or Account and otherwise subject to all of the terms and conditions of this Indenture.

## ARTICLE V FUNDS AND ACCOUNTS

Section 501 - Establishment of Funds and Accounts. (A) The Corporation hereby establishes and creates the State Projects Account as a special account within the Education Loan Trust Fund to be held by the Trustee in trust hereunder. Within the State Projects Account, the Corporation also hereby establishes and creates the following special trust funds and within such funds the following accounts (all to be held by the Trustee in trust hereunder):

- (1) State Projects Fund;
  - (a) Series State Projects Accounts;
- (2) Revenue Fund;
  - (a) Interest Account;
  - (b) Principal Account;
  - (c) Redemption Account;
- (3) Capital Reserve Fund;
- (4) Pledged Loans Fund.

(B) Any amounts held by a Depositary as agent for the Trustee and all amounts held under the Custodian/Depositary/Servicing Agreement shall be deemed to be held by the Trustee in the appropriate Fund or Account hereunder. All moneys or securities deposited with the Trustee or any Depositary pursuant to this Indenture shall be held in trust and applied only in accordance with the provisions hereof and shall be considered trust funds for the purposes of this Indenture.

Section 502 - State Projects Fund. (A) The Corporation shall create or identify in the Supplemental Indenture authorizing a Series of Bonds a Series State Projects Account within the State Projects Fund applicable to such Series of Bonds. Each such Series Account shall be identified by inserting in the designation therefor the year, letter, or other designation of the Bonds of such Series.

(B) Except as permitted by subsection (F) of this Section, amounts in any Series Account shall be expended only (i) to pay the cost of acquiring or financing State Projects (ii) to pay reasonable and necessary Costs of Issuance of any Bonds, subject to any limitation on such use that may be established in any Supplemental Indenture, (iii) to pay the principal or Redemption Price, if any, of and interest on the Bonds when due by transfer to the appropriate account of the Revenue Fund, as applicable, (iv) to pay any costs associated with any of the foregoing, or (v) for such other purposes as the Corporation may direct in writing, including, but not limited to, the payment of

Program Expenses. Investment Securities acquired with amounts in a Series State Projects Account shall be credited to that Series State Projects Account.

(C) The Trustee shall pay out and permit the withdrawal of amounts on deposit in the State Projects Fund at any time for the purposes set forth in (B) of this Section, but only upon receipt of a Certificate of an Authorized Officer of the Corporation setting forth (i) the amount to be paid, (ii) the person or persons to whom such payment is to be made (which may be or include the Corporation or the State), (iii) in reasonable detail the purpose or purposes of such withdrawal and stating that such withdrawal from any Series State Projects Account is a proper charge thereon, and (iv) if the withdrawal is for payment of a cost of State Projects, a reference to the State law that permits the use of proceeds of the Bonds for such cost.

(D) At any time that Bonds of a Series shall be subject to mandatory redemption or payment and amounts in the Redemption Account in the case of a redemption, or in the Interest Account and Principal Account in the case of a payment, are insufficient for such purposes, unless otherwise directed by the Corporation, the Trustee shall transfer the amounts necessary for such purposes first from the Series State Projects Account for such Bonds, then from any other Series State Projects Account to the Redemption Account or to the Interest Account and Principal Account, for redemption or payment of such Bonds as the case may be, or apply such amounts directly to the redemption, purchase or retirement of such Bonds in accordance with their terms and the provisions of Article VI. If, after making any transfer required pursuant to the preceding sentence there remains an insufficiency, the Trustee shall apply amounts in the Capital Reserve Fund in accordance with and subject to the terms of Section 506 hereof to satisfy such insufficiency. Except as otherwise provided in a Supplemental Indenture authorizing the issuance of a Series or Class of Bonds, any redemption or payment under this Section shall be made By Class in Descending Order of Priority.

(E) RESERVED

(F) Upon the payment or redemption of all of the Outstanding Bonds of any Series, the balance, if any, remaining in the Series State Projects Account established for such Series shall be transferred to the Revenue Fund.

Section 503 - Revenue Fund. (A) Pledged Receipts, together with all other funds received hereunder and not otherwise directed hereunder, shall be credited to the Revenue Fund as required by Section 402 hereof, except that Pledged Receipts which are investment earnings of the Capital Reserve Fund shall be credited to the Capital Reserve Fund as provided in Section 506(B) hereof.

(B) Amounts in the Revenue Fund shall be applied only for the purpose of making the payments or transfers provided in (C) of this Section.

(C) The Trustee shall make payments from the Revenue Fund at any time in the order and amounts prescribed below:

First: To the Corporation, the amount certified in writing by the Corporation as necessary to make any rebate payments or Yield Reduction Payments required to comply with its covenant contained in Section 714.

Second: To the Interest Account, the amount necessary to increase the amount in such Account so that it at least equals unpaid interest on the Outstanding Bonds of the highest Class coming due within the next Business Day (or to honor any reimbursement or payment obligation under any Credit Enhancement or Interest Rate Exchange Agreement corresponding to the payment of such interest), unless otherwise specified with respect to any Series of Bonds in the Supplemental Indenture authorizing the Series of Bonds.

Third: To the Principal Account, the amount necessary to increase the amount in such Account so that it at least equals the amount of unpaid Principal Installments which will become due on the Outstanding Bonds of the highest Class within the next Business Day (or to honor any reimbursement or payment obligation under any Credit Enhancement or Interest Rate Exchange Agreement corresponding to the payment of such principal), unless otherwise specified with respect to any Series of Bonds in the Supplemental Indenture authorizing such Series of Bonds.

Fourth: To the Interest Account first and the Principal Account second the amounts necessary to make the payments described in Paragraphs Second and Third of this Section 503(C) By Class in Descending Order of Priority with respect to any Outstanding Bonds other than the Class I Bonds; provided, however, that in each case described in this paragraph Fourth if any such principal or interest amount has been paid through a Credit Enhancement facility or Interest Rate Exchange Agreement, then to that extent any Pledged Receipts which would otherwise have been applied to such payments shall, instead, be applied to honor any reimbursement or payment obligation under any such instrument corresponding to any such payment.

Fifth: To the Capital Reserve Fund, the amount, if any, necessary to cause the amount in such fund to equal the Capital Reserve Fund Requirement.

Sixth: To the Corporation, as directed in writing, for the payment of Program Expenses, or the establishment of reserves therefor, the amount

needed and required to pay a portion of the reasonable and necessary Program Expenses and, in addition, any amount needed to pay fees and expenses with respect to any Credit Enhancement, any Interest Rate Exchange Agreement, or any Auction Agent or broker dealer; provided that the amount so paid to the Corporation or set aside in reserve during any fiscal year of the Corporation for the payment of Program Expenses may not exceed 1.25% of the average principal amount of Pledged Loans outstanding during the preceding Fiscal Year or such greater or lesser amount as may be set forth in a Supplemental Indenture, provided that the Corporation must provide the Trustee with a Rating Confirmation that reflects any greater amount before establishing any such greater amount in a Supplemental Indenture.

Seventh: Any remaining amounts shall be held in the Revenue Fund and applied as provided in the foregoing paragraphs or applied to payments described in Section 502(D), Section 506(A), or Section 508.

Section 504 - Interest Account and Principal Account. (A) The Trustee shall pay out of the Interest Account to the respective Paying Agents for the Bonds (i) on or before each Interest Payment Date, the amounts required for the payment of interest due on the Outstanding Bonds on such date and (ii) on or before the redemption date or date of purchase, the amounts required for the payment of accrued interest on the Bonds redeemed or purchased for retirement, unless the payment of such accrued interest shall be otherwise provided for. In each such case, such amounts shall be applied by such Paying Agents to such payments; provided, however, that each payment shall be made By Class in Descending Order of Priority, beginning with Class I Bonds, if any, unless otherwise provided in the Supplemental Indenture authorizing the issuance of a Series or Class of Bonds; and provided, further, that, unless otherwise provided in the Supplemental Indenture authorizing the issuance of a Series or Class of Bonds, interest payments with respect to any lower Class of Bonds shall be made only if and to the extent that principal amounts due with respect to any higher Class of Bonds have been set aside in accordance with the requirements of paragraph Fourth of Section 503(C).

(B) From the amount accumulated in the Principal Account for each Principal Installment with respect to Bonds the Trustee shall pay to the respective Paying Agents on or before each Principal Installment Date the amount, if any, required for the payment of principal due on such date, and such amounts shall be applied by the Paying Agents to such payments; provided, however, that, unless otherwise provided in the Supplemental Indenture authorizing the issuance of a Series or Class of Bonds, each payment shall be made By Class in Descending Order of Priority, beginning with Class I Bonds, if any.

(C) The amount accumulated in the Principal Account for each Sinking Fund Payment may and, if so directed in writing by the Corporation, shall be deposited in the Redemption Account (together with amounts accumulated in the Interest Account with respect to interest on such Bonds for which such Sinking Fund Payment was established) and applied by the Trustee prior to the forty-fifth day preceding the due date of such Sinking Fund Payment as follows:

(1) to the purchase pursuant to Section 505(B) of Bonds of the Series and maturity for which such Sinking Fund Payment was established; or

(2) to the redemption of such Bonds pursuant to Section 602 or Section 603, if then redeemable by their terms, at the Redemption Price which would be payable for such Bonds upon redemption by application of such Sinking Fund Payment plus unpaid interest accrued to the date of redemption.

(D) Notwithstanding the foregoing provisions of this Section 504, if interest or principal with respect to any Bond is paid from Credit Enhancement and such payment is required to be reimbursed, then amounts held in the Interest Account and in the Principal Account shall be used to make such reimbursement in lieu of making such interest or principal payments in accordance with the terms of the instrument creating the Credit Enhancement.

Section 505 - Redemption Account. (A) There shall be deposited in the Redemption Account any amounts which are required to be deposited therein pursuant to this Indenture or any Supplemental Indenture and any other amounts available therefor and determined by the Corporation to be deposited therein. Subject to the provisions of this Indenture or of any Supplemental Indenture requiring the application thereof to the purchase or redemption of any particular Bonds, the Trustee shall apply any amounts deposited in the Redemption Account to the purchase or redemption of any of the Bonds (or to the reimbursement of any Credit Enhancement provider for amounts advanced by Credit Enhancement to pay for such purchase or redemption) at the times and in the manner provided in this Section and in Section 602 or Section 603, as applicable.

(B) At any time prior to the forty-fifth day prior to the day upon which Bonds are to be redeemed from such amounts, the Trustee shall, upon the written direction of the Corporation, apply amounts in the Redemption Account to the purchase of any of the Bonds which may be redeemed by application of amounts on deposit in the Redemption Account, except that the Corporation may, by delivery of written instructions to such effect signed by an Authorized Officer, require or prohibit such purchases in the discretion of the Corporation. The Trustee shall purchase Bonds at such times, for such prices, in such amounts and in such manner as the Corporation shall from time to time direct in writing. The purchase price paid (excluding accrued

interest but including any brokerage and other charges) for any Bond purchased shall not exceed the principal amount of such Bond unless such Bond may be redeemed in accordance with this Indenture on any date within thirteen months after such purchase in which event such purchase price shall not exceed the highest Redemption Price payable on any such date upon the redemption of such Bond. In the event the Trustee is able to purchase a principal amount of Bonds equivalent to the sum of the deposits in the Redemption Account for the redemption of such Bonds at a purchase price less than the sum of such deposits, excluding the applicable transfers from the Interest Account, upon the payment by the Trustee of the purchase price of such Bonds, the Trustee shall transfer the balance of such moneys remaining in the Redemption Account to, and deposit the same in, the Revenue Fund.

(C) The Corporation may, from time to time by written instructions, direct the Trustee to make purchases under subsection (B) above. No purchase of Bonds shall be made by the Trustee from amounts in the Redemption Account within the period of forty-five days next preceding any date on which such Bonds are subject to redemption.

(D) Upon the purchase or redemption of Bonds of any Series and maturity for which Sinking Fund Payments have been established from amounts in the Redemption Account, there shall be credited toward all future Sinking Fund Payments thereafter to become due and any payment upon final maturity with respect to such Bonds, on a pro rata basis among all such Sinking Fund Payments and payment upon final maturity, an amount equal to the total principal amount of such Bonds so purchased or redeemed. If, however, there shall be filed with the Trustee written instructions of an Authorized Officer specifying a different method for crediting Sinking Fund Payments upon any such purchase or redemption of Bonds, then such Sinking Fund Payments shall be credited as shall be provided in such instructions, but only if the Corporation shall have filed with the Trustee a Rating Confirmation reflecting such crediting method.

(E) As soon as practicable after the forty-fifth day preceding the due date of any such Sinking Fund Payment, the Trustee shall proceed to call for redemption pursuant to Section 603, on such due date, Bonds of the Series and maturity for which such Sinking Fund Payment was established in such amount as shall be necessary to complete the retirement of Bonds of such Series and maturity in the principal amount equal to the amount of the unsatisfied balance of such Sinking Fund Payment. The Trustee shall so call such Bonds for redemption without regard to whether it then has moneys in the Redemption Account sufficient to pay the applicable Redemption Price thereof to the redemption date.

(F) The Trustee shall pay out of the Redemption Account to the Paying Agents for such Bonds on or before the redemption date thereof, the amounts required for the payment on such date by such Paying Agents, respectively, of the Redemption Price of any Bonds to be redeemed and the Paying Agents shall apply such amounts

to the redemption of such Bonds on and after such date. If at any date there shall be moneys in the Redemption Account and there shall be Outstanding none of the Bonds of the Series for the redemption of which such moneys were deposited in the Redemption Account, such moneys shall be withdrawn therefrom and deposited in the Revenue Fund.

(G) Except for amounts which are required to be retained therein for the redemption of Bonds for which notice of redemption shall have been given as provided in Article VI or for which the Trustee has received irrevocable instructions to give such a notice on a future date, amounts in the Redemption Account may, upon the written request of the Corporation, signed by an Authorized Officer, be transferred to the Revenue Fund.

Section 506 - Insufficient Revenues; Capital Reserve Fund. (A) If, one Business Day before any Interest Payment Date, the amount in the Principal Account or the Interest Account (taking into account amounts scheduled to be received from Investment Securities at any time before such Interest Payment Date) shall be less than the amount required for the payment of all Principal Installments and interest on Outstanding Bonds of a Class due on such Interest Payment Date, the Trustee shall apply all Surplus Revenues and then amounts in the related Series Accounts and then from any other Series Accounts to satisfy such insufficiency and, if an insufficiency remains thereafter, shall immediately notify the Corporation of such event and shall apply amounts from the Capital Reserve Fund to the extent necessary to make good the deficiency. Amounts so applied shall be applied By Class in Descending Order of Priority. If on any Redemption Date (or any date for the purchase of Bonds under Section 505(B)), the amount in the Redemption Account and the Interest Account shall be less than the amount required for the payment of the Redemption Price (or purchase price) and interest accrued on such Bonds to be redeemed (or purchased) on such date the Trustee shall apply all Surplus Revenues and then amounts in the related Series Accounts and then from any other Series Accounts to satisfy such insufficiency and, if an insufficiency remains thereafter, shall immediately notify the Corporation of such event and shall apply amounts from the Capital Reserve Fund to the extent necessary to make good the deficiency. Amounts so applied shall be applied By Class in Descending Order of Priority. If, on any date specified in this Section 506(A) for the application of amounts in the Capital Reserve Fund, there are insufficient amounts for such application, or if, at any time, the amount in the Capital Reserve Fund is less than the Capital Reserve Fund Requirement, the Trustee shall immediately notify the Corporation of such event and, upon the written direction of the Corporation, shall immediately transfer to the Capital Reserve Fund from assets of the Corporation made available for such purpose by the Corporation or from any other Fund or Account (provided that the Trustee shall make any such transfer from a Series Account only after transferring any available assets of the Corporation and any amounts in all other Funds and Accounts, excluding any Credit Enhancement Fund, and then on a pro rata



basis among the amounts available in all the Series Accounts unless a different allocation is required for Federal tax reasons as set forth in a Letter of Instructions, or to pay principal or interest on any Bonds) amounts necessary to increase the amount in the Capital Reserve Fund to the amount needed for the intended application or to the Capital Reserve Fund Requirement, as the case may be. In determining whether the amount in the Capital Reserve Fund is at least equal to the Capital Reserve Fund Requirement, the Trustee shall include the amount of cash and the principal amount of Investment Securities held in the Capital Reserve Fund, together with the amount of interest earned or accrued thereon as of the date of valuation, and shall also include, but only if any other requirement therefor specified in a Supplemental Indenture has been satisfied, the principal component of any Credit Enhancement then on deposit in the Capital Reserve Fund.

(B) All income earned or gains realized as a result of the investment of amounts on deposit in the Capital Reserve Fund shall be deposited therein and constitute a part thereof. Except as provided in subsection (C) of this Section, if, concurrently with any allocation from the Revenue Fund pursuant to subsection (C) of Section 503, the amount on deposit in the Capital Reserve Fund shall be in excess of the Capital Reserve Fund Requirement, the Trustee shall transfer the amount of such excess to the Revenue Fund.

(C) Whenever the Corporation shall deliver instructions to the Trustee to redeem Bonds of a particular Series or the redemption of Bonds of a particular Series is required by a Supplemental Indenture (other than by application of Sinking Fund Payments) and such redemption is to be made from amounts then on deposit in any Fund or Account other than the Capital Reserve Fund, the Trustee shall calculate the amount by which the amount on deposit in the Capital Reserve Fund will exceed the Capital Reserve Fund Requirement immediately following the redemption of the Bonds specified in such instructions (and to be redeemed from such amounts) and such excess amount shall on the redemption date specified in such instructions, be transferred into the Revenue Fund. In making the aforesaid calculation, the Trustee shall also take into account, as nearly as practicable, the additional amount by which the amount on deposit in the Capital Reserve Fund will exceed the Capital Reserve Fund Requirement as a result of the redemption of Bonds from the amounts to be so withdrawn. The Trustee shall give notice of the redemption of such Bonds and shall select the particular Bonds to be so redeemed in such manner as the Corporation shall specify in written instructions (subject to the terms of this Indenture and any Supplemental Indenture) or, failing such instructions, as the Trustee shall, in its sole discretion, deem advisable.

(D) Whenever the amount in the Capital Reserve Fund, together with the amount in the Interest Account and Principal Account, is sufficient to fully pay the principal of and interest on all Outstanding Bonds of a Series in accordance with their

terms (including the Sinking Fund Payments for the retirement thereof), and immediately thereafter the amount on deposit in the Capital Reserve Fund shall at least equal the Capital Reserve Fund Requirement, such amount shall, at the written direction of the Corporation, be transferred from the Capital Reserve Fund to the Revenue Fund. Prior to any such transfer, investments held in the Capital Reserve Fund in an amount necessary to make said transfer shall be liquidated.

(E) The Trustee shall sell or redeem Investment Securities to the extent necessary to provide money to make any required payment pursuant to this Section and, at the written direction of the Corporation, shall sell or redeem Investment Securities to make any deposit, purchase, payment or redemption as permitted pursuant to this Section.

Section 507 - Pledged Loans Fund. (A) The Corporation may deposit loans and other assets in any amount in the Pledged Loans Fund at any time. Upon the payment or redemption of all of the Outstanding Bonds of a Series and payment to the Insurer of all amounts due under the Insurance Agreement, if any, relating to such Series, the balance, if any, remaining in the Pledged Loans Fund for that Series shall be transferred to the Corporation.

(B) At any time the Corporation may direct the Trustee to withdraw Pledged Loans or other property from the Pledged Loans Fund, and the Trustee shall so withdraw such Pledged Loans or other property and deliver such Pledged Loans or other property to the Corporation free and clear of the lien and pledge of this Indenture; provided that

(i) the Trustee receives a Rating Confirmation taking into consideration such withdrawal of Pledged Loan or other property;

(ii) the Trustee receives from the Corporation a Certificate that no Event of Default and no payment default with respect to any Bonds exists or remains uncured, and no Event of Default or payment default with respect to any Bonds as to which the Trustee has knowledge shall exist and remain uncured (unless the withdrawal shall cure the Event of Default or payment default);

(iii) the Capital Reserve Fund will be funded to at least the Capital Reserve Fund Requirement after giving effect to the withdrawal;

(iv) any additional requirements imposed by a Supplemental Indenture are satisfied; and

(v) the Corporation shall certify to the Trustee that all conditions precedent to the withdrawal of Pledged Loans and other property pursuant to this Section 504(C) and pursuant to any other applicable provisions of this Indenture or any Supplemental Indenture shall have been satisfied.

The Corporation may expend any amounts paid to it or transfer or use any Pledged Loans or other property transferred to it for any lawful purpose.

(C) The Corporation may at any time sell, assign, transfer or otherwise dispose of a Pledged Loan at a price (i) at least equal to the principal amount thereof (plus accrued interest) (a) when the amounts on deposit in the Funds created in Section 501(A) are at least equal the principal amount of the Outstanding Bonds or (b) to pay current debt service on the Bonds; or (ii) lower than the principal amount thereof (plus accrued interest) if the Corporation delivers to the Trustee a Rating Confirmation taking into consideration such sale, assignment, transfer, or other disposition of such Pledged Loan at such lower price. The Corporation shall sell Pledged Loans if necessary to prevent the occurrence of an Event of Default. The Corporation shall also sell Pledged Loans if necessary to prevent a default in the payment of the principal of or interest on any of the Bonds when due, unless such sale would cause an Event of Default to occur.

Section 508 - Excess Coverage. At any time, but no more frequently than once every month, the Corporation may deliver to the Trustee a Certificate, evidencing the fact that there is then Excess Coverage on deposit hereunder and specifying the amount thereof and stating that no Event of Default or payment default exists hereunder. Promptly upon the Trustee's receipt of that Certificate with a Rating Confirmation reflecting the release of any Excess Coverage, the Trustee shall release such Excess Coverage to the Corporation from the Pledged Loans Fund or from the Revenue Fund, as set forth in such Certificate, for any of its corporate purposes, including, without limitation, the deposit of said amounts in any Fund or Account or the acquisition of additional loans for transfer to any Fund. The Trustee may conclusively rely upon such Certificate without further duty to examine or investigate the accuracy thereof.

Section 509 - Obtaining Credit Enhancements and Interest Rate Exchange Agreements. Except as otherwise provided in a Supplemental Indenture authorizing the issuance of a Series or Class of Bonds, the Corporation may obtain Credit Enhancement or an Interest Rate Exchange Agreement with respect to such Bonds either at the time of issuance of the Bonds or any time thereafter, provided that, in any case, the Corporation shall have filed with the Trustee a Rating Confirmation reflecting such Credit Enhancement or Interest Rate Exchange Agreement. The Class ranking

of such Credit Enhancement or Interest Rate Exchange Agreement shall be determined as provided in Section 510(D).

Section 510 - Creation of Additional Funds, Accounts and Subaccounts; Separate Credit Enhancement Funds; Pledge of Trust Estate with Respect to Credit Enhancements and Interest Rate Exchange Agreements. (A) The Trustee shall establish within any Fund such Accounts in addition to the Accounts herein established as the Corporation shall by Supplemental Indenture determine and shall in like manner establish within any Account such additional subaccounts for the purposes of such Account as the Corporation shall so determine.

(B) The Corporation may at any time by execution of a Supplemental Indenture establish a Fund or Account in which to hold any Credit Enhancement and the proceeds thereof or drawings thereunder (a "Credit Enhancement Fund") for the benefit of any Series of Bonds to which such Credit Enhancement has been pledged, which pledge may be (but is not required to be) exclusively for the benefit of such Series of Bonds or certain designated Series of Bonds and not equally and ratably among all the Series of Bonds and Parity Obligations Outstanding. Amounts held in a Credit Enhancement Fund shall not be considered a part of the Trust Estate but, rather, shall be subject to such lien and pledge as may be created in the Supplemental Indenture creating such Credit Enhancement.

(C) If the Corporation creates a Credit Enhancement Fund, the Corporation may direct, in the Supplemental Indenture creating such Credit Enhancement Fund, that the Trustee pay, and if so directed in writing by the Corporation the Trustee shall pay, principal (including premium, if any) of and interest on the Bonds secured by such Credit Enhancement Fund directly from amounts in such Credit Enhancement Fund and that the Trustee reimburse, and if so directed in writing by the Corporation the Trustee shall so reimburse, such Credit Enhancement Fund for such payment from the Credit Enhancement Fund; provided, however, that the Corporation may, in the Supplemental Indenture authorizing the Series of Bonds to be secured by Credit Enhancement, treat any, or any part of any, obligation owed or which may in the future be owed to the Credit Enhancement Agency pursuant to the Credit Enhancement Instrument as Additional Bonds of the same Class as the Bonds secured by such Credit Enhancement if the Corporation, at the time of issuance of said Series of Bonds and at the time of the creation of any such obligation satisfies the requirements of Section 208, in which case the Trustee shall pay the principal of and interest on any such obligations in accordance with the terms of this Indenture treating such obligations as Additional Bonds. In a Supplement Indenture authorizing Additional Bonds secured by a Credit Enhancement Fund the Corporation may fix provisions relating to such Fund different from the provisions of Section 511. In addition to the foregoing, the Corporation may agree to permit a Credit Enhancement Agency to be subrogated to the rights of any Bondholders whose Bonds are secured by the Credit Enhancement

provided that such Credit Enhancement Agency is not in default under such Credit Enhancement and provided that such Credit Enhancement, if it has been assigned a Class as provided above, is in a Class at least as high as the Class of the Bonds it secures.

(D) If the Corporation enters into an Interest Rate Exchange Agreement or obtains Credit Enhancement with respect to any Series or Class of Bonds, the Corporation may grant a security interest in the Trust Estate to secure performance of the Corporation's obligations under such Credit Enhancement or Interest Rate Exchange Agreement. The Corporation may identify the Class ranking of the Credit Enhancement or Interest Rate Exchange Agreement in the Supplemental Indenture authorizing the Bonds secured by such Credit Enhancement or Interest Rate Exchange Agreement or in the agreement creating the Credit Enhancement or Interest Rate Exchange Agreement. The Class ranking of the Credit Enhancement or Interest Rate Exchange Agreement may be equal to or greater or lesser than the Class ranking of any Bonds issued under this Indenture, including the Bonds secured by the Credit Enhancement or Interest Rate Exchange Agreement.

Section 511 - Deposits and Investments. (A) All amounts in any Fund or Account held under this Indenture (including amounts described in the Custodian/Depository/Servicing Agreement and any other amounts held in any fund or account created by or on behalf of any such Fiduciary or Depository for the receipt of amounts held under this Indenture) by any Fiduciary or Depository shall be held in trust for the benefit of the Trustee if not held by the Trustee and shall be continuously and fully secured for the benefit of the Corporation and the holders of the Bonds either (i) by lodging Investment Securities as collateral with the Trustee as custodian, having a market value (exclusive of accrued interest) not less than the amount of such moneys or (ii) in such other manner as may then be required by applicable federal or state laws and regulations and applicable state laws and regulations of the state in which such Fiduciary or Depository (as the case may be) is located, regarding security for, or granting a preference in the case of, the deposit of trust funds; except that it shall not be necessary for a Fiduciary or Depository to give security under this subsection for the deposit of any moneys with them held in trust and set aside by them for the payment of the principal or Redemption Price of or interest on any Bonds, or for any Fiduciary or Depository to give security for any moneys which shall be represented by obligations or certificates of deposit purchased as an investment of such moneys. All amounts deposited with the Trustee and each Depository (including amounts received by the State of Alaska under the Custodian/Depository/Servicing Agreement) shall immediately be credited to the particular Fund or Account to which such amounts belong. Until such time as such amounts are expended for the purposes authorized by this Indenture or any Supplemental Indenture or are transferred to another Fund or Account as provided in this Indenture or any Supplemental Indenture, the Trustee or Depository shall invest such amounts as provided in (B) of this Section. Neither the

Trustee nor any Depositary shall be responsible for any losses resulting from the investment of moneys in the funds and accounts created hereunder, so long as such investments are made in accordance with this Indenture and the written direction of the Corporation or, in the case of the State acting under the Custodian Agreement, in accordance with the Custodian Agreement. The Trustee may make any and all investments permitted by the provisions of this Section 511 through its own investment department or that of its affiliates. The Corporation acknowledges that to the extent that regulations of the Comptroller of the Currency or other applicable regulatory agency grant the Corporation the right to receive brokerage confirmations of security transactions, the Corporation waives receipt of such confirmations.

(B) Upon the deposit of any amounts in any Fund or Account, the Corporation may furnish the Trustee with a schedule of dates on which it is estimated by the Corporation that such moneys in said Fund or Account will be required to be expended. The Corporation may from time to time amend the schedule so furnished. Upon receipt of such schedule or amended schedule, the Corporation shall direct the Trustee or Depositary, in writing, to invest and reinvest in Investment Securities the moneys in said Fund or Account so that the maturity date or date of redemption at the option of the holder of such obligations shall coincide as nearly as practicable with the times at which moneys are needed by the Corporation to be so expended, except that (i) with respect to the Capital Reserve Fund such Investment Securities shall include only such investments as are permitted pursuant to any Supplemental Indenture authorizing a Series of Bonds as to which any Bonds remain Outstanding at the time of such investment; (ii) the average maturities of investments purchased with amounts in the Capital Reserve Fund may be limited pursuant to the provisions of a Supplemental Indenture; and (iii) investments purchased with amounts in the Principal Account must mature or be redeemable at the option of the holder no later than the day before the Interest Payment Date on which amounts used to purchase such investments are needed to pay principal of the Bonds, and investments purchased with amounts in the Interest Account must mature or be redeemable at the option of the holder no later than the day before the Interest Payment Date on which amounts used to purchase such investments are needed to pay interest on the Bonds. The obligations purchased shall be held by the Trustee and shall be deemed at all times to be part of such Fund or Account, and the Trustee shall keep the Corporation advised as to the details of all such investments.

(C) Except as otherwise provided in this Indenture, obligations purchased as an investment of moneys in any Fund or Account held by the Trustee under the provisions of this Indenture shall be deemed at all times to be a part of such Fund or Account, but the income or interest earned and gains realized in excess of losses suffered by a Fund or Account, other than the Capital Reserve Fund, due to the investment thereof shall be deposited upon receipt as Pledged Receipts into the Revenue Fund.

(D) The Trustee shall advise the Corporation in writing, on or before the tenth day of each calendar month, of the details of all investments held for the credit of each Fund and Account in its custody under the provisions of this Indenture as of the end of the preceding month.

Section 512 - Use of Funds in Event of Default. If an Event of Default described in Section 1002(1) or (2) occurs and is continuing, the Trustee may use moneys from any Fund or Account created hereunder to make payments required hereunder.

## ARTICLE VI REDEMPTION OF BONDS

Section 601 - Privilege of Redemption and Redemption Price. Bonds subject to redemption prior to maturity pursuant to a Supplemental Indenture shall be redeemable, upon notice as provided in this Article, at such times, at such Redemption Prices and upon such terms as may be specified in such Bonds, in this Indenture and in the Supplemental Indenture authorizing such Series. Nothing in this Indenture or in any Supplemental Indenture shall require the redemption of Bonds in amounts less than Authorized Denominations. If amounts are available for the redemption of Bonds but such amounts are less than an Authorized Denomination of the Bonds to be redeemed, the Trustee shall so notify the Corporation and, at the written direction of the Corporation, shall deposit such Fund or Account as such written direction shall indicate.

Section 602 - Redemption at the Election or Direction of the Corporation. In the case of any redemption of Bonds other than as provided in Section 603, the Corporation shall give written notice at least 45 days before the redemption date to the Trustee of its election or direction so to redeem, of the redemption date, of the Series, of the principal amounts of the Bonds of each maturity of such Series to be redeemed (which redemption date, Series, maturities and principal amounts thereof to be redeemed shall be determined by the Corporation in its sole discretion, subject to any limitations with respect thereto contained in this Indenture and any Supplemental Indenture) and of any moneys to be applied to the payment of the Redemption Price. Upon the giving of such notice, the Corporation, if it holds the amounts to be applied to the payment of the Redemption Price, shall pay to the Trustee for deposit in the Redemption Account an amount in cash which, in addition to other moneys, if any, available therefor held herein, will be sufficient to redeem on the redemption date at the Redemption Price thereof, all of the Bonds to be redeemed.

Section 603 - Redemption Otherwise Than at Corporation's Election or Direction. Whenever by the terms of this Indenture the Trustee is required to redeem Bonds otherwise than at the election or direction of the Corporation, and subject to and in accordance with the terms of this Article, the Supplemental Indenture authorizing the Series of Bonds of which the Bonds to be redeemed are part, and, to the extent

applicable, Article V, the Trustee shall select the redemption date of the Bonds to be redeemed and give notice of the redemption in the manner prescribed by Section 605.

Section 604 - Selection of Bonds to be Redeemed by Lot. In the event of redemption of less than all the Outstanding Bonds of like Series, Class, and maturity, the Trustee shall select the Bonds to be redeemed, from all Bonds or portions thereof not previously called for redemption, by lot in any manner which the Trustee in its sole discretion shall deem fair and appropriate.

Section 605 - Notice of Redemption. When the Trustee shall receive notice from the Corporation of its election or direction to redeem Bonds pursuant to Section 602, and when redemption of Bonds is required by this Indenture pursuant to Section 603, unless otherwise required for a Series of Bonds by the Supplemental Indenture authorizing the same, the Trustee shall give notice in the name of the Corporation, regardless of whether the Trustee has sufficient money available to pay the applicable Redemption Price with accrued interest on the Bonds to be redeemed, of the redemption of such Bonds, which notice shall specify the Series, Class, and maturities of the Bonds to be redeemed, the redemption date and the place or places where amounts due upon such redemption will be payable and, if less than all of the Bonds of any like Series, Class, and maturity are to be redeemed, the letters and numbers or other distinguishing marks of such Bonds so to be redeemed and, in the case of Bonds to be redeemed in part only, such notice shall also specify the respective portions of the principal amount thereof to be redeemed. Such notice shall further state that on such date there shall become due and payable upon each Bond to be redeemed the Redemption Price thereof, or the Redemption Price of the specified portions of the principal thereof in the case of Bonds to be redeemed in part only, together with interest accrued to the redemption date, and that from and after such redemption date interest thereon shall cease to accrue and be payable; provided, however, that if the Trustee does not have available money in an amount sufficient to pay such amounts on such date, then such notice of redemption shall be null and of no effect. The Trustee shall mail a copy of such notice, postage prepaid, at least 10 days but not more than 30 days before the redemption date, to the registered owners of any Bonds or portions of Bonds which are to be redeemed, at their last addresses, if any, appearing upon the registry books, but such mailing shall not be a condition precedent to such redemption and failure so to mail any such notice shall not affect the validity of the proceedings for the redemption of Bonds.

Section 606 - Payment of Redeemed Bonds. Notice having been given in the manner provided in Section 605, the Bonds or portions thereof so called for redemption shall become due and payable on the redemption date so designated at the Redemption Price, plus interest accrued and unpaid to the redemption date, and, upon presentation and surrender thereof at the office specified in such notice, such Bonds, or portions thereof, shall be paid at the Redemption Price plus interest accrued and



unpaid to the redemption date. If there shall be drawn for redemption less than all of a Bond, the Corporation shall execute and the Trustee shall authenticate and the Paying Agent deliver, upon the surrender of such Bond, without charge to the owner thereof, for the unredeemed balance of the principal amount of the registered Bond so surrendered at the option of the owner thereof, Bonds of like Series and maturity in any of the authorized denominations. If, on the redemption date, moneys for the redemption of all the Bonds or portions thereof of any like Series and maturity to be redeemed, together with interest to the redemption date, shall be held by any Paying Agent so as to be available therefor on said date and if notice of redemption shall have been mailed as aforesaid, then, from and after the redemption date interest on the Bonds or portions thereof of such Series and maturities so called for redemption shall cease to accrue and become payable. If said moneys shall not be so available on the redemption date, such Bonds or portions thereof shall continue to bear interest until paid at the same rate as they would have borne had they not been called for redemption.

## ARTICLE VII PARTICULAR COVENANTS

The Corporation covenants and agrees with the Trustee and the holders of the Bonds as follows:

Section 701 - Payment of Bonds. The Corporation shall duly and punctually pay or cause to be paid the principal or Redemption Price, if any, of every Bond and the interest thereon, at the dates and places and in the manner stated in the Bonds according to the true intent and meaning thereof and shall duly and punctually pay or cause to be paid all Sinking Fund Payments, if any, becoming payable with respect to any Series of Bonds.

Section 702 - Extension of Payment of Bonds. The Corporation shall not directly or indirectly extend or assent to the extension of the maturity of any of the Bonds or the time of payment of any claims for interest by the purchase or funding of such Bonds or claims for interest or by any other arrangement and in case the maturity of any of the Bonds or the time for payment of any such claims for interest shall be extended, such Bonds or claims for interest shall not be entitled, in case of any default hereunder, to the benefit of this Indenture or to any payment out of the Funds or Accounts established pursuant to this Indenture, including the investments, if any, thereof, or out of any assets or revenues pledged hereunder (except moneys held in trust for the payment of particular Bonds or claims for interest pursuant to this Indenture) prior to benefits accorded to or the payment of the principal of all Bonds Outstanding the maturity of which has not been extended and of such portion of the accrued interest on the Bonds as shall not be represented by such extended claims for interest. Nothing

herein shall be deemed to limit the right of the Corporation to issue Refunding Bonds and such issuance shall not be deemed to constitute an extension of maturity of Bonds.

Section 703 - Office for Servicing Bonds. The Corporation shall at all times maintain an office or agency where Bonds may be presented for transfer or exchange, and where notices, presentations and demands upon the Corporation in respect of the Bonds or of this Indenture may be served. The Corporation hereby appoints the Trustee as its agent to maintain such office or agency for the transfer or exchange of Bonds and for the service of such notices, presentations and demands upon the Corporation and may appoint one or more co-registrars for such purposes. The Corporation hereby appoints the Trustee as Paying Agent and hereby appoints the Paying Agent as its agent to maintain such offices or agencies for the payment of Bonds.

Section 704 - Further Assurance. At any and all times the Corporation shall, so far as it may be authorized by law, pass, make, do, execute, acknowledge and deliver, all and every such further resolutions, acts, deeds, conveyances, assignments, transfers and assurances as may be necessary for the better assuring, conveying, granting, pledging, assigning and confirming all and singular the rights, assets, revenues and other moneys, securities, funds and property hereby pledged or assigned, or intended so to be, or which the Corporation may become bound to pledge or assign.

Section 705 - Power to Issue Bonds and Pledge Revenues, Funds and Other Property. The Corporation is duly authorized under all applicable laws to authorize and issue the Bonds for the purposes herein authorized and to execute and deliver this Indenture and to pledge the Trust Estate purported to be pledged hereby in the manner and to the extent herein provided. The Trust Estate so pledged is and will be free and clear of any pledge, lien, charge or encumbrance thereon or with respect thereto prior to, of equal rank with, or subordinate to, the pledge created hereby, other than any pledge or lien granted as security for Parity Obligations in conformity with the terms and provisions of this Indenture, and all corporate or other action on the part of the Corporation to that end has been and will be duly and validly taken. The Bonds and the provisions of this Indenture are and will be the valid and legally enforceable obligations of the Corporation in accordance with their terms and the terms of this Indenture. The Corporation shall at all times, to the extent permitted by law, defend, preserve and protect the pledge of the Pledged Loans, Pledged Loan Notes, Pledged Receipts, and other assets and revenues constituting the Trust Estate, including rights therein pledged under this Indenture and all the rights of the Bondholders under this Indenture against all claims and demands of all persons whomsoever.

Section 706 - Accounts and Reports. (A) The Corporation shall annually, within 120 days after the close of each fiscal year of the Corporation, file with the Trustee, and

with such officials of the State, if any, as may be required by the Act, financial statements of the Corporation for such fiscal year setting forth in reasonable detail: (a) a statement of its revenues, expenses, and changes in net assets; (b) its balance sheet or statement of net assets showing its assets and liabilities at the end of such fiscal year; and (c) its statement of cash flows for such fiscal year. The financial statements shall be accompanied by an Accountant's Certificate stating to the general effect that the financial statements examined present fairly the financial position of the Corporation at the end of the fiscal year, the results of its operations and the changes in financial position for the period examined, in conformity with generally accepted accounting principles.

(B) A copy of each Accountant's Certificate shall be mailed promptly thereafter by the Corporation to each Bondholder who shall have filed his name and address with the Corporation for such purpose.

Section 707 - Pledged Loans Fund. (A) The Corporation shall from time to time, with all practical dispatch and in a sound and economical manner consistent in all respects with the Act and its regulations and other applicable provisions of law from time to time in effect, the provisions of this Indenture and sound banking practices and principles, (i) do all such acts and things as shall be necessary to receive and collect Pledged Receipts (including diligent enforcement of the prompt collection of any delinquencies) sufficient to pay the Program Expenses and the principal or Redemption Price, if any, of and interest on the Bonds and apply such amounts in a manner consistent with such purpose, and (ii) diligently enforce, and take all steps, actions and proceedings reasonably necessary in the judgment of the Corporation to enforce, all terms, covenants and conditions of the Pledged Loans, including, without limitation, any action or proceeding necessitated by any State legislation purporting to waive or relax any of the terms and provisions thereof. Notwithstanding the foregoing, the Corporation may modify the terms of any Pledged Loan or Pledged Loan Note or any group of Pledged Loans or Pledged Loan Notes or take any other action it chooses which may have the effect of modifying the terms of any Pledged Loans or Pledged Loan Notes, provided that the Corporation (i) obtains the Insurer's written consent to such modification or other action, and (ii) files with the Trustee Rating Confirmation reflecting such modification or other action.

(B) The Corporation hereby represents and warrants that it has the experience to administer and service the Pledged Loans in accordance with the requirements of the Act and covenants that it shall at all times take all action to ensure that the administering and servicing of the Pledged Loans complies with the requirements of the Act.

Section 708 - Issuance of Additional Obligations. (A) The Corporation shall not hereafter create or permit the creation of or issue any obligations or create any

indebtedness which will be secured by a lien on the Trust Estate except as provided in Sections 206, 207, 208 and 209.

(B) The Corporation shall not issue any Series of Bonds under this Indenture unless:

(1) the principal amount of the Bonds then to be issued, together with the principal amount of the bonds, notes and other obligations of the Corporation theretofore issued (less any Bonds to be refunded thereby and deemed not Outstanding) will not in the opinion of Bond Counsel exceed in aggregate principal amount any limitation thereon imposed by law; and

(2) upon the issuance and delivery of such Bonds, the amount credited to the Capital Reserve Fund shall not be less than the Capital Reserve Fund Requirement.

Section 709 - The Capital Reserve Fund. (A) The Corporation shall at all times maintain the Capital Reserve Fund created and established by Section 501 and do and perform or cause to be done and performed each and every act and thing with respect to the Capital Reserve Fund provided to be done or performed by or on behalf of the Corporation or the Trustee or the Paying Agents under the terms and provisions of Article V hereof.

(B) In order to better secure the Bonds and to make them more marketable and to maintain in the Capital Reserve Fund in an amount equal to the Capital Reserve Fund Requirement, in the event that the Capital Reserve Fund falls below the Capital Reserve Fund Requirement, the Corporation shall, in compliance with the provisions of the Act, cause the Chairman of the Board of Directors of the Corporation annually, on or before January 15 of each year, to certify in writing to the Governor of the State and the Chairmen of the House and Senate Finance Committees the amount, if any, required to restore the Capital Reserve Fund to the Capital Reserve Fund Requirement. A copy of such Certificate shall be promptly delivered to the Trustee. All moneys received by the Corporation from the State in accordance with the provisions of the Act pursuant to any such certification shall be paid to the Trustee for deposit and credit to the Capital Reserve Fund. In addition, if 15 days prior to the end of each calendar quarter during which the Bonds are Outstanding, the amount in the Capital Reserve Fund is not equal to the Capital Reserve Requirement or there is not sufficient money otherwise available in all Funds and Accounts established hereunder to pay Principal Installments and interest coming due on the next Interest Payment Date, the Chairman of the Board shall certify in writing to the Governor the amount, if any, required to restore the Capital Reserve Fund to the Capital Reserve Fund Requirement or to pay such Principal Installment and interest coming due, as the case may be.

(C) Notwithstanding any other provision of this Indenture, the Trustee shall not permit amounts to be withdrawn from the Capital Reserve Fund other than pursuant to Section 506.

Section 710 - Compliance with Conditions Precedent. Upon the date of issuance of any of the Bonds, all conditions, acts and things required by law or by this Indenture to exist, to have happened or to have been performed precedent to or in the issuance of such Bonds shall exist, have happened and have been performed, or will have happened or been performed, and such Bonds, together with all other indebtedness of the Corporation shall be within every debt and other limit prescribed by law.

Section 711 - General. The Corporation shall do and perform or cause to be done and performed all acts and things required to be done or performed by or on behalf of the Corporation under the provisions of the Act and this Indenture in accordance with the terms of such provisions.

Section 712 - Waiver of Laws. The Corporation shall not at any time insist upon or plead in any manner whatsoever, or claim or take the benefit or advantage of any stay or extension law now or at any time hereafter in force which may affect the covenants and agreements contained in this Indenture or in the Bonds, and all benefit or advantage of any such law is hereby expressly waived by the Corporation.

Section 713 - Pledge and Agreement of the State. As authorized by the Act, the following pledge and agreement of the State of Alaska is made:

The State pledges to, and agrees with, registered owners of the Bonds that the State will not limit or alter the rights and powers vested in the Corporation under Alaska Statutes, Sections 14.42.100 through 14.42.990, to fulfill the terms of contracts made by the Corporation with the Bondholders or in any way impair the rights and remedies of the Bondholders until the Bonds, together with the interest on them with interest on unpaid installments of interest, and all costs and expenses in connection with an action or proceeding by or on behalf of the bondholders, are fully met and discharged.

Section 714 - Tax Covenants. (A) The Corporation shall not knowingly take or cause any action to be taken which would cause interest on any Bonds to become taxable for federal income tax purposes. The Corporation shall at all times do and perform all acts and things necessary or desirable, including, but not limited to, complying with the rebate provisions of Section 148 of the Code, as applicable, and complying with the provisions of any letter of instructions from Bond Counsel, in order to assure that interest paid on Bonds shall, for purposes of federal income taxation, be excludable from the gross income of the recipients thereof and exempt from taxation. The Corporation shall not permit at any time or times any proceeds of any Bonds or any amounts held hereunder to be used, directly or indirectly, in a manner which would

result in the exclusion of any Bond from the treatment afforded by subsection (a) of Section 103 of the Code.

(B) This Section shall not apply to any Bonds the interest on which is intended by the Corporation not to be excluded from gross income for federal income tax purposes under Section 103 of the Code; provided, that no such Bonds shall be issued unless a Bond Counsel's opinion is filed with the Trustee stating that the issuance of such Bonds will not adversely affect the exclusion from gross income for federal income tax purposes of the interest on any previously issued Bond.

Section 715 - Continuing Disclosure; Bankruptcy. (A) The Corporation hereby covenants and agrees that it will comply with and carry out all the provisions of each Continuing Disclosure Certificate. Notwithstanding any other provision of this Indenture, failure of the Corporation to comply with any Continuing Disclosure Certificate shall not be considered an Event of Default, and any Bondholder may take such actions only as may be provided in such Continuing Disclosure Certificate.

(B) The Corporation hereby covenants and agrees that it will notify the Rating Agencies of any change in the Act which would permit it or require it to declare bankruptcy under the Bankruptcy Code.

## ARTICLE VIII SUPPLEMENTAL INDENTURES

Section 801 - Supplemental Indentures Effective Upon filing With the Trustee. For any one or more of the following purposes and at any time or from time to time following written notice to the Rating Agencies, a Supplemental Indenture may be entered into by and between the Corporation and the Trustee:

(1) To close this Indenture against, or provide limitations and restrictions in addition to the limitations and restrictions contained in this Indenture on, the authentication and delivery of Bonds or the issuance of other evidences of indebtedness;

(2) To add to the covenants and agreements of the Corporation in this Indenture other covenants and agreements to be observed by the Corporation which are not contrary to or inconsistent with this Indenture as theretofore in effect;

(3) To add to the limitations and restrictions in this Indenture other limitations and restrictions to be observed by the Corporation which are not contrary to or inconsistent with this Indenture as theretofore in effect;

(4) To surrender any right, power or privilege reserved to or conferred upon the Corporation by the terms of this Indenture, but only if the surrender of such right, power or privilege is not contrary to or inconsistent with the covenants and agreements of the Corporation contained in this Indenture;

(5) To authorize Bonds of a Series and, in connection therewith, (A) to specify and determine the matters and things referred to in, or otherwise take the actions described in, Sections 206, 302, 306(A), 307, 401(A)(2), 401(B), 510, 511, 601, 602, 603, 605, and 1102 and also any other matters and things relative to such Bonds which are not contrary to or inconsistent with this Indenture as theretofore in effect, (B) to amend, modify or rescind any such authorization, specification or determination at any time prior to the first authentication and delivery of such Bonds or (C) to add such provisions to this Indenture and, if necessary, amend the provisions of this Indenture as may be necessary to permit and provide for the issuance of such Bonds as bearer Bonds;

(6) To confirm, as further assurance, any pledge under, and the subjection to any lien or pledge created or to be created by, this Indenture, of the Trust Estate;

(7) To modify any of the provisions of this Indenture in any respect whatsoever, provided that (i) such modification shall be, and be expressed to be, effective only after all Bonds of any Series Outstanding at the date of the adoption of such Supplemental Indenture shall cease to be Outstanding, and (ii) such Supplemental Indenture shall be specifically referred to in the text of all Bonds of any Series authenticated and delivered after the date of the adoption of such Supplemental Indenture and of Bonds issued in exchange therefor or in place thereof; and

(8) To make such additions, deletions, or modifications as may be necessary to assure compliance with Section 148(d)(3) of the Code or Section 148(f) of the Code or the Higher Education Act or to obtain a satisfactory rating on a Series or Class of Bonds from a Rating Agency, provided, that no such additions, deletions or modifications intended to obtain a satisfactory rating shall cause reduction in any ratings assigned by a Rating Agency to Bonds then Outstanding.

Section 802 - Supplemental Indentures Effective Upon Consent of Trustee. (A) For any one or more of the following purposes and at any time or from time to time following written notice to the Rating Agencies, a Supplemental Indenture may be adopted, which, upon (i) the filing with the Trustee of a copy thereof certified by an Authorized Officer, and (ii) the filing with the Trustee and the Corporation of an

instrument in writing made by the Trustee consenting thereto, shall be fully effective in accordance with its terms:

(1) To cure any ambiguity, supply any omission, or cure or correct any defect or inconsistent provision in this Indenture; or

(2) To insert such provisions clarifying matters or questions arising under this Indenture as are necessary or desirable and are not contrary to or inconsistent with this Indenture as theretofore in effect; or

(3) To provide for additional duties of the Trustee in connection with the Pledged Loans; or

(4) To make any change that is accompanied by a Rating Confirmation reflecting such change or any change approved by a Credit Enhancement Agency if the change will only affect Bonds secured by Credit Enhancement issued by such Credit Enhancement Agency.

(B) Any such Supplemental Indenture may also contain one or more of the purposes specified in Section 801, and in that event, the consent of the Trustee required by this Section shall be applicable only to those provisions of such Supplemental Indenture as shall contain one or more of the purposes set forth in subsection (A) of this Section.

Section 803 - Supplemental Indentures Effective With Consent of Bondholders.

At any time or from time to time, a Supplemental Indenture may be adopted subject to consent by Bondholders in accordance with and subject to the provisions of Article IX, which Supplemental Indenture, upon the filing with the Trustee of a copy thereof certified by an Authorized Officer and upon compliance with the provisions of Article IX, shall become fully effective in accordance with its terms as provided in said Article.

Section 804 - General Provisions. (A) This Indenture shall not be modified or amended in any respect except as provided in and in accordance with and subject to the provisions of this Article and Article IX. Nothing in this Article or Article IX contained shall affect or limit the right or obligation of the Corporation to adopt, make, do, execute, acknowledge or deliver any resolution, act or other instrument pursuant to the provisions of Section 704 or the right or obligation of the Corporation to execute and deliver to any Fiduciary any instrument which elsewhere in this Indenture it is provided shall be delivered to said Fiduciary.

(B) Any Supplemental Indenture referred to and permitted or authorized by Sections 801 and 802 may be adopted by the Corporation without the consent of any of the Bondholders, but shall become effective only on the conditions, to the extent and



at the time provided in said Sections, respectively. The copy of every Supplemental Indenture filed with the Trustee shall be accompanied by a Counsel's Opinion stating that such Supplemental Indenture has been duly and lawfully adopted in accordance with the provisions of this Indenture, is authorized or permitted by this Indenture, and is valid and binding upon the Corporation and enforceable in accordance with its terms (subject, as to enforcement of remedies, to applicable bankruptcy, reorganization, insolvency, moratorium, or other laws affecting creditors' rights generally from time to time in effect).

(C) The Trustee is hereby authorized to accept the delivery of a certified copy of any Supplemental Indenture referred to permitted or authorized by Sections 801, 802 or 803 and to make all further agreements and stipulations which may be therein contained, and the Trustee, in taking such action, shall be fully protected in relying on an opinion of counsel (which may be a Counsel's Opinion) that such Supplemental Indenture is authorized or permitted by the provisions of this Indenture.

(D) No Supplemental Indenture shall change or modify any of the rights or obligations of any Fiduciary without its written assent thereto.

## ARTICLE IX AMENDMENTS

Section 901 - Mailing of Notice of Amendment. Any provision in this Article for the mailing of a notice or other paper to Bondholders shall be fully complied with if it is mailed postage prepaid only (i) to each registered owner of Bonds then Outstanding at such registered owner's address, if any, appearing upon the registry books of the Corporation, (ii) to each holder of any coupon Bond who shall have filed with the Trustee within two years preceding such mailing an address for notices, and (iii) to the Trustee.

Section 902 - Powers of Amendment. Any modification or amendment of this Indenture or of the rights and obligations of the Corporation and of the holders of the Bonds and coupons (if any) hereunder, in any particular, may be made by a Supplemental Indenture, with the written consent given as provided in Section 903, (i) of the holders of at least two-thirds in principal amount of the Bonds of the highest Class Outstanding at the time such consent is given, (ii) in case less than all of the several Series or Classes of Bonds then Outstanding are affected by the modification or amendment, of the holders of at least two-thirds in principal amount of the Bonds of each Series or Class so affected and Outstanding at the time such consent is given, and (iii) in case the modification or amendment changes the terms of any Sinking Fund Payment, of the holders of at least two-thirds in principal amount of the Bonds of the particular Series, Class, and maturity entitled to such Sinking Fund Payment and Outstanding at the time such consent is given; except that if such modification or

amendment will, by its terms, not take effect so long as any Bonds of any specified like Series, Class, and maturity remain Outstanding, the consent of the holders of such Bonds shall not be required and such Bonds shall not be deemed to be Outstanding for the purpose of any calculation of Outstanding Bonds under this Section. No such modification or amendment shall permit a change in the terms of redemption or maturity of the principal of any Outstanding Bond or of any installment of interest thereon or a reduction in the principal amount or the Redemption Price thereof or in the rate of interest thereon without the consent of the holder of such Bond, or shall reduce the percentages or otherwise affect the classes of Bonds the consent of the holders of which is required to effect any such modification or amendment, or shall change or modify any of the rights or obligations of any Fiduciary without its written assent thereto. For the purposes of this Section, a Series or Class shall be deemed to be affected by a modification or amendment of this Indenture if the same adversely affects or diminishes the rights of the holders of Bonds of such Series or Class. In determining whether in accordance with the foregoing powers of amendment Bonds of any particular Series, Class, or maturity would be affected by any modification or amendment hereof the Trustee shall request a Counsel's Opinion, on which it shall rely, and any such Counsel's Opinion shall be binding and conclusive on the Corporation and all holders of Bonds.

Section 903 - Consent of Bondholders. (A) The Corporation may at any time adopt a Supplemental Indenture making a modification or amendment permitted by the provisions of Section 902, to take effect when and as provided in this Section. A copy of such Supplemental Indenture (or brief summary thereof or reference thereto), together with a request to Bondholders for their consent thereto, shall be mailed by the Corporation to Bondholders. Such Supplemental Indenture shall not be effective unless and until there shall have been filed with the Trustee (a) the written consents of holders of the percentages of Outstanding Bonds specified in Section 902 and (b) a Counsel's Opinion stating that such Supplemental Indenture has been duly and lawfully adopted and filed by the Corporation in accordance with the provisions of this Indenture, is authorized or permitted hereby and is valid and binding upon the Corporation and enforceable in accordance with its terms, and (ii) a notice shall have been mailed as hereinafter provided in this Section.

(B) The consent of a Bondholder to any modification or amendment shall be effective only if accompanied by proof of the holding, at the date of such consent, of the Bonds with respect to which such consent is given, which proof shall be such as is permitted by Section 1114. A certificate or certificates by the Trustee filed with the Trustee that it has examined such proof and that such proof is sufficient in accordance with Section 1114 shall be conclusive that the consents have been given by the holders of the Bonds described in such certificate or certificates of the Trustee. Any such consent shall be binding upon the holder of the Bonds giving such consent and upon any subsequent holder of such Bonds and of any Bonds issued in exchange therefor

(regardless of whether such subsequent holder thereof has notice thereof) unless such consent is revoked in writing by the holder of such Bonds giving such consent or a subsequent holder thereof by filing with the Trustee, prior to the time when the written statement of the Trustee hereinafter provided for in this Section is filed, such revocation and, if such Bonds are transferable by delivery, proof that such Bonds are held by the signer of such revocation in the manner permitted by Section 1114. The fact that a consent has not been revoked may likewise be proved by a certificate of the Trustee filed with the Trustee to the effect that no revocation thereof is on file with the Trustee.

(C) At any time after the holders of the required percentages of Bonds shall have filed their consents to the Supplemental Indenture, the Trustee shall make and file with the Corporation and the Trustee a written statement that the holders of such required percentages of Bonds have filed such consents. Such written statement shall be conclusive that such consents have been so filed. At any time thereafter notice, stating in substance that the Supplemental Indenture adopted by the Corporation on a stated date, a copy of which is on file with the Trustee, has been consented to by the holders of the required percentages of Bonds and will be effective as provided in this Section, may be given to Bondholders by the Corporation by mailing such notice to Bondholders at least once not more than ninety days after the holders of the required percentages of Bonds shall have filed their consents to the Supplemental Indenture and the written statement of the Trustee hereinabove provided for is filed. The Corporation shall file with the Trustee proof of the publication of such notice and, if the same shall have been mailed to Bondholders, of the mailing thereof. A record, consisting of the papers required or permitted by this Section to be filed with the Trustee, shall be proof of the matters therein stated. Such Supplemental Indenture making such amendment or modification shall be deemed conclusively binding upon the Corporation, the Fiduciaries and the holders of all Bonds at the expiration of forty days after the filing with the Trustee of the proof of the first publication of such last mentioned notice, except in the event of a final decree of a court of competent jurisdiction setting aside such Supplemental Indenture in a legal action or equitable proceeding for purpose commenced within such forty day period; except that any Fiduciary and the Corporation during such forty day period and any such further period during which any such action or proceeding may be pending shall be entitled in their absolute discretion to take such action, or to refrain from taking such action, with respect to such Supplemental Indenture as they may deem expedient.

Section 904 - Modifications by Unanimous Consent. The terms and provisions of this Indenture and the rights and obligations of the corporation and of the holders of the Bonds may be modified or amended in any respect upon the adoption and filing by the Corporation of a Supplemental Indenture and the consent of the holders of all the Bonds then Outstanding, such consent to be given as provided in Section 903 except that no notice to Bondholders either by mailing or publication shall be required; but no such modification or amendment shall change or modify any of the rights or obligations

of any Fiduciary unless there shall have been filed with the Trustee such Fiduciary's written assent thereto in addition to the consent of the Bondholders.

Section 905 - Exclusion of Bonds. Bonds owned or held by or for the account of the Corporation shall not be deemed Outstanding for the purpose of consent or other action or any calculation of Outstanding Bonds provided for in this Article, and the Corporation shall not be entitled with respect to such Bonds to give any consent or take any other action provided for in this Article. At the time of any consent or other action taken under this Article, the Corporation shall furnish the Trustee a Certificate of an Authorized Officer of the Corporation, upon which the Trustee may rely, describing all Bonds so to be excluded.

Section 906 - Notation on Bonds. Bonds authenticated and delivered after the effective date of any action taken as in Article VIII or this Article provided may, and, if the Corporation so determines, shall bear a notation by endorsement or otherwise in form approved by the Corporation and the Trustee as to such action, and in that case upon demand of the holder of any Bond Outstanding at such effective date and presentation of his Bond for the purpose at the principal office of the Trustee or upon any transfer or exchange of any Bond Outstanding at such effective date, suitable notation shall be made on such Bond or upon any Bond issued upon any such transfer or exchange by the Trustee as to any such action. If the Corporation or the Trustee shall so determine, new Bonds so modified as in the opinion of the Trustee and the Corporation to conform to such action shall be prepared, authenticated and delivered, and upon demand of the holder of any Bond then Outstanding shall be exchanged, without cost to such Bondholder, for Bonds of the same Series and maturity then Outstanding, upon surrender of such Bonds with all unpaid coupons, if any, appertaining thereto.

## ARTICLE X DEFAULTS AND REMEDIES

Section 1001 - Trustee to Exercise Powers of Statutory Trustee. The Trustee shall be and hereby is vested with all of the rights, powers and duties of a trustee permitted to be appointed by the Corporation pursuant to Section 14.42.230 of the Act.

Section 1002 - Events of Default. Each of the following events is hereby declared an "Event of Default", that is to say if:

- (1) the Corporation shall default in the payment of the principal or Redemption Price, if any, of any Bond of the highest Class Outstanding when and as the same shall become due, whether at maturity or upon call for redemption or otherwise;

(2) payment of any installment of interest on any of the Bonds of the highest Class Outstanding shall not be made when the same shall become due;

(3) the Corporation shall fail or refuse to comply with the provisions of this Indenture, or shall default in the performance or observance of any of the covenants, agreements or conditions on its part contained herein or in any Supplemental Indenture or the Bonds, and such failure, refusal or default shall continue for a period of forty-five days after written notice thereof by the Trustee or the holders of not less than twenty-five per centum (25%) in principal amount of the Bonds of the highest Class Outstanding;

(4) the Corporation shall commence a voluntary case or other proceeding seeking liquidation, reorganization or other relief with respect to itself or its debts under any bankruptcy, insolvency or other similar law now or hereafter in effect or seeking the appointment of a trustee, receiver, liquidator, custodian or other similar official of it or any substantial part of its property, or shall consent to any such relief or to the appointment of or taking possession by any such official in an involuntary case or other proceeding commenced against it, or shall make a general assignment for the benefit of creditors, or shall fail generally to pay its debts as they become due, or shall take any corporate action to authorize any of the foregoing;

(5) an involuntary case or other proceeding shall be commenced against the Corporation seeking liquidation, reorganization or other relief with respect to itself or its debts under any bankruptcy, insolvency or other similar law now or hereafter in effect or seeking the appointment of a trustee, receiver, liquidator, custodian or other similar official of it or any substantial part of its property, and such involuntary case or other proceeding shall remain undismissed or unstayed for a period of 60 days; or an order for relief shall be entered against the Corporation under the Federal bankruptcy laws as now or hereafter in effect;

(6) any event of default shall have occurred and remain uncured under any Parity Obligation Instrument if there shall then be issued and outstanding thereunder Parity Obligations and if such Parity Obligations shall be of a Class at least equal to the highest Class of any Outstanding Bonds; and

(7) any event designated an Event of Default by a Supplemental Indenture shall have occurred and remain uncured.

The Trustee shall be deemed to have actual knowledge of an Event of Default described in (4) through (7) above only upon receipt by a Corporate Trust Officer of the Trustee of a written notice thereof.

Section 1003 - Remedies. (A) Upon the happening and continuance of any Event of Default specified in paragraph (1), (2) or (3) of Section 1002 as to which the Trustee has knowledge, the Trustee shall proceed, or upon the happening and continuance of any Event of Default specified in paragraph (4), (5), (6) or (7) of Section 1002 as to which the Trustee has knowledge, the Trustee may proceed, and upon the written request of the holders of not less than twenty-five per centum (25%) in principal amount of the Outstanding Bonds of the highest Class, shall proceed, in its own name, subject to the provisions of Section 1103, to protect and enforce its rights and the rights of the Bondholders by such of the following remedies as the Trustee, being advised by counsel, shall deem most effectual to protect and enforce such rights:

(1) by mandamus or other suit, action or proceeding at law or in equity, to enforce all of the Bondholders' rights, including the right of the Trustee on behalf of the Bondholders to receive and collect all Pledged Receipts and to require the Corporation to carry out any other covenant or agreement with Bondholders and to perform its duties under the Act;

(2) by bringing suit upon the Bonds;

(3) by action or suit in equity, to require the Corporation to account as if it were the trustee of an express trust for the owners of the Bonds and then take such action with respect to the Pledged Loans and related documents as the Trustee shall deem necessary or appropriate and in the best interest of the Bondholders, subject to the terms of the Pledged Loans and related documents, including the sale of part or all of the Pledged Loans.

(4) by action or suit in equity, enjoin any acts or things which may be unlawful or in violation of the rights of the holders of the Bonds;

(5) by declaring all Bonds due and payable, and if all defaults shall be made good, then, with the written consent of the holders of not less than twenty-five per centum (25%) in principal amount of the Outstanding Bonds of the highest Class Outstanding, by annulling such declaration and its consequences; or

(6) by pursuing any rights or privileges it may have with respect to security for the Bonds under any Parity Obligation Instrument.

(B) In the enforcement of any rights and remedies under this Indenture, the Trustee shall be entitled to sue for, enforce payment on and receive any and all amounts then or during any default becoming, and at any time remaining, due from the Corporation for principal, Redemption Price, Program Expenses, interest or otherwise, under any provision of this Indenture or a Supplemental Indenture or of the Bonds, and

unpaid, with interest on overdue payments at the rate or rates of interest specified in such Bonds, together with any and all costs and expenses of collection and of all proceedings hereunder and under such Bonds, without prejudice to any other right or remedy of the Trustee or of the Bondholders, and to recover and enforce a judgment or decree against the Corporation for any portion of such amounts remaining unpaid, with interest, costs and expenses, and to collect from any moneys available for such purpose, in any manner provided by law, the moneys adjudged or decreed to be payable.

Section 1004 - Priority of Payments After Default. (A) In the event that upon the happening and continuance of any Event of Default, the funds held by the Trustee and Paying Agents shall be insufficient for the payment of principal or Redemption Price, if any, of and interest then due on the Bonds, such funds and any other moneys received or collected by the Trustee acting pursuant to the Act and this Article or with respect to Parity Obligations or Parity Obligation Instruments, after making provision for the payment of any expenses necessary in the opinion of the Trustee to protect the interests of the holders of the Bonds and for the payment of the charges and expenses and liabilities incurred and advances made by the Trustee or any Paying Agents in the performance of their respective duties under this Indenture, shall be applied as follows:

(1) Unless the principal of all of the Bonds shall have come or have been declared due and payable, the Trustee shall make the following payments within the highest Class of Bonds Outstanding and, only after making all such payments within such Class, shall then make such payments within the next lower Class and, thereafter, shall make such payments within each succeeding lower Class:

FIRST: To the payment to person entitled thereto of all installments of interest then due in the order of the maturity of such installments, and, if the amount available shall not be sufficient to pay in full any installment, then to the payment thereof ratably, according to the amounts due on such installment, to the persons entitled thereto, without any discrimination or preference except with respect to Classes as described above; and

SECOND: To the payment to the persons entitled thereto of the unpaid principal or Redemption Price of any Bonds which shall have become due, whether at maturity or by call for redemption, in the order of their due dates and, if the amounts available shall not be sufficient to pay in full all the Bonds due on any date, then to the payment thereof ratably, according to the amounts of principal or Redemption Price, if any, due on such date, to the persons entitled thereto, without any discrimination or preference except with respect to Classes as described above.

(2) If the principal of all of the Bonds shall have become or have been declared due and payable, the Trustee shall make the following payments within the highest Class of Bonds Outstanding and, only after making all such payments, shall then make such payments within the next lower Class and, thereafter, shall make such payments within each succeeding lower Class: to the payment of the principal and interest then due and unpaid upon the Bonds of a Class without preference or priority of principal over interest or of interest over principal, or of any installment of interest over any other installment of interest, or of any Bond of such Class over any other Bond of such Class, ratably, according to the amounts due respectively for principal and interest, to the persons entitled thereto without any discrimination or preference except as to any difference in the respective rates of interest specified in the Bonds and coupons (if any).

(B) Whenever moneys are to be applied by the Trustee pursuant to the provisions of this Section, such moneys shall be applied by the Trustee at such times, and from time to time, as the Trustee in its sole discretion shall determine, having due regard to the amount of such moneys available for application and the likelihood of additional money becoming available for such application in the future; the deposit of such moneys with the Paying Agents, or otherwise setting aside such moneys in trust for the proper purpose, shall constitute proper application by the Trustee; and the Trustee shall incur no liability whatsoever to the Corporation, to any Bondholder or to any other person for any delay in applying any such moneys, so long as the Trustee acts with reasonable diligence, having due regard for the circumstances, and ultimately applies the same in accordance with such provisions of this Indenture as may be applicable at the time of application by the Trustee. Whenever the Trustee shall exercise such discretion in applying such moneys, it shall fix the date (which shall be an Interest Payment Date unless the Trustee shall deem another date more suitable) upon which such application is to be made and upon such date interest on the amounts of principal to be paid on such date shall cease to accrue. The Trustee shall give such notice as it may deem appropriate for the fixing of any such date. The Trustee shall not be required to make payment to the holder of any unpaid coupon or any Bond unless such coupon or Bond shall be presented to the Trustee for appropriate endorsement or cancellation.

Section 1005 - Termination of Proceedings. In case of any proceedings taken by the Trustee on account of any Event of Default shall have been discontinued or abandoned for any reason, then in every such case the Corporation, the Trustee and the Bondholders shall be restored to their former positions and rights hereunder, respectively, and all rights, remedies, powers and duties of the Trustee shall continue as though no such proceeding had been taken.



Section 1006 - Bondholders' Direction of Proceedings. Anything in this Indenture to the contrary notwithstanding, the holders of the majority in principal amount of the Bonds of the highest Class then Outstanding shall have the right by an instrument or concurrent instruments in writing executed and delivered to the Trustee, to direct the method of conducting all remedial proceedings to be taken by the Trustee hereunder, provided that such direction shall not be otherwise than in accordance with law or the provisions of this Indenture, and that the Trustee shall have the right to decline to follow any such direction which in the opinion of the Trustee would be unjustly prejudicial to Bondholders not parties to such direction or would adversely affect the Trustee. The Trustee may rely on an Opinion of Counsel that such direction would adversely affect Bondholders.

Section 1007 - Limitation on Rights of Bondholders. (A) No holder of any Bond shall have any right to institute any suit, action, mandamus or other proceeding in equity or at law hereunder, or for the protection or enforcement of any right under this Indenture or any right under law unless such holder shall have given to the Trustee written notice of the Event of Default or breach of duty on account of which such suit, action or proceeding is to be taken, and unless the holders of not less than twenty-five per centum (25%) in principal amount of the Bonds of the highest Class then Outstanding shall have made written request of the Trustee after the right to exercise such powers or right of action, as the case may be, shall have occurred, and shall have afforded the Trustee a reasonable opportunity either to proceed to exercise the powers herein granted or granted under the law or to institute such action, suit or proceeding in its name and unless, also, there shall have been offered to the Trustee reasonable security and indemnity against the costs, expenses and liabilities to be incurred therein or thereby, and the Trustee shall have refused or neglected to comply with such request within a reasonable time; and such notification, request and offer of indemnity are hereby declared in every such case, at the option of the Trustee, to be conditions precedent to the execution of the powers under this Indenture or for any other remedy hereunder or under law. It is understood and intended that no one or more holders of the Bonds hereby secured shall have any right in any manner whatever by their action to affect, disturb or prejudice the security of this Indenture, or to enforce any right hereunder or under law with respect to the Bonds of this Indenture, except in the manner herein provided, and that all proceedings at law or in equity shall be instituted, had and maintained in the manner herein provided and for the benefit of all holders of the Outstanding Bonds. Nothing in this Article contained shall affect or impair the right of any Bondholder to enforce the payment of the principal or Redemption Price, if any, of and interest on such Bondholder's Bonds, or the obligation of the Corporation to pay the principal or Redemption Price, if any, of and interest on each Bond issued hereunder to the holder thereof at the time and place in said Bond expressed.

(B) Notwithstanding anything to the contrary contained in this Section, or any other provision of this Indenture, each holder of any Bond by such holder's acceptance

thereof shall be deemed to have agreed that any court in its discretion may require, in any suit for the enforcement of any right or remedy under this Indenture or any Supplemental Indenture, or in any suit against the Trustee for any action taken or omitted by it as Trustee, the filing by any party litigant in such suit of an undertaking to pay the reasonable costs of such suit, and that such court may in its discretion assess reasonable costs, including reasonable attorneys' fees, against any party litigant in any such suit, having due regard to the merits and good faith of the claims or defenses made by such party litigant; but the provisions of this paragraph shall not apply to any suit instituted by the Trustee, to any suit instituted by any Bondholder, or group of Bondholders, holding at least twenty-five per centum (25%) in principal amount of the Bonds of the highest Class Outstanding, or to any suit instituted by any Bondholder for the enforcement of the payment of the principal or Redemption Price of or interest on any Bond on or after the respective due date thereof expressed in such Bond.

Section 1008 - Possession of Bonds by Trustee Not Required. All rights of action under this Indenture or under any of the Bonds, enforceable by the Trustee, may be enforced by it without the possession of any of the Bonds or the production thereof on the trial or other proceeding relative thereto, and any such suit, action or proceeding instituted by the Trustee shall be brought in its name for the benefit of all the holders of such Bonds, subject to the provisions of this Indenture.

Section 1009 - Remedies Not Exclusive. No remedy herein conferred upon or reserved to the Trustee or to the holders of the Bonds is intended to be exclusive of any other remedy or remedies, and each and every such remedy shall be cumulative and shall be in addition to any other remedy given hereunder or now or hereafter existing at law or in equity or by statute.

Section 1010 - No Waiver of Default. No delay or omission of the Trustee or of any holder of the Bonds to exercise any right or power accruing upon any default shall impair any such right or power or shall be construed to be a waiver of any such default or an acquiescence therein; and every power and remedy given by this Indenture to the Trustee and the holders of the Bonds, respectively, may be exercised from time to time and as often as may be deemed expedient.

Section 1011 - Notice to Bondholders. The Trustee shall give to the Bondholders notice of each Event of Default hereunder known to the Trustee within ninety days after knowledge of the occurrence thereof, unless such Event of Default shall have been remedied or cured before the giving of such notice. Each such notice shall be given by the Trustee by mailing written notice thereof to all registered holders of Bonds, as the names and addresses of such holders appear upon the books for registration and transfer of Bonds as kept by the Trustee purpose and to such other persons as is required by law.

## ARTICLE XI CONCERNING THE FIDUCIARIES

Section 1101 - Trustee. U.S. Bank National Association, a trust company or bank having the powers of a trust company doing business and having a corporate trust office in Seattle, Washington, is hereby appointed as Trustee. The Trustee shall signify its acceptance of the duties and obligations imposed upon it by this Indenture by executing the certificate of authentication endorsed upon the Bonds, and, by executing such certificate upon any Bond, the Trustee shall be deemed to have accepted such duties and obligations not only with respect to the Bond so authenticated, but with respect to all the Bonds thereafter to be issued; but only, however, upon the terms and conditions set forth in this Indenture.

Section 1102 - Appointment and Acceptance of Duties of Paying Agents. (A) The Corporation shall appoint one or more Paying Agents for the Bonds of any Series in the Supplemental Indenture authorizing such Bonds or shall appoint such Paying Agent or Paying Agents by resolution of the Corporation adopted prior to the authentication and delivery of such Bonds, and may at any time or from time to time appoint one or more other Paying Agents in the manner and subject to the conditions set forth in Section 1113 for the appointment of a successor Paying Agent.

(B) Each Paying Agent shall signify its acceptance of the duties and obligations imposed upon it by this Indenture by written instrument of acceptance executed and delivered to the Corporation and the Trustee.

(C) The principal or corporate trust offices of the Paying Agents are hereby designated as the respective agencies of the Corporation for the payment of the interest on and principal or Redemption Price of the Bonds.

Section 1103 - Responsibility of Fiduciaries. (A) The recitals of fact herein and in the Bonds contained shall be taken as the statements of the Corporation and no Fiduciary assumes any responsibility for the correctness of the same. No Fiduciary makes any representations as to the validity or sufficiency of this Indenture or of any Bonds or coupons issued thereunder or in respect of the security afforded by this Indenture or the Trust Estate, and no Fiduciary shall incur any responsibility in respect thereof. The Trustee shall, however, be responsible for its representation contained in its certificate on the Bonds. No Fiduciary shall be under any responsibility or duty with respect to any other Fiduciary. No Fiduciary shall be under any obligation or duty to perform any act which would involve it in expense or liability or to institute or defend any suit in respect hereof, or to advance any of its own moneys, unless indemnified to its satisfaction. No Fiduciary shall be liable in connection with the performance of its duties hereunder except for its own negligence or willful misconduct. Neither the Trustee nor any Paying Agent shall be under any responsibility or duty with respect to

the application of any moneys paid to any one of the others or the use or application by the Corporation of the Bonds or the proceeds thereof.

(B) Except during the continuance of an Event of Default, the Trustee undertakes to perform such duties and only such duties as are specifically set forth in this Indenture, and no implied covenants or obligations shall be read into this Indenture against the Trustee, and, in the absence of bad faith on its part, the Trustee may conclusively rely, as to the truth of the statements and the correctness of the opinion expressed therein, upon certificates or opinions furnished to the Trustee and conforming to the requirements of this Indenture.

(C) In case an Event of Default has occurred and is continuing, the Trustee shall exercise such of the rights and powers vested in it by this Indenture and use the same degree of care and skill in their exercise as a prudent person would exercise or use under the circumstances in the conduct of his own affairs.

(D) No provision of this Indenture shall be construed to relieve the Trustee from liability for its own negligent action, its own negligent failure to act, or its own willful misconduct, except that (1) the Trustee shall not be liable for any error of judgment made in good faith by a responsible officer, unless it shall be proved that the Trustee was negligent in ascertaining the pertinent facts, (2) the Trustee shall not be liable with respect to any action taken or omitted to be taken by it in good faith in accordance with the direction of the holders of a majority in principal amount of the Outstanding Bonds relating to the time, method and place of conducting any proceeding for any remedy available to the Trustee, or exercising any trust or power conferred upon the Trustee, under this Indenture, and (3) no provision of this Indenture shall require the Trustee to expend or risk its own funds or otherwise incur any financial liability in the performance of any of its duties hereunder, or in the exercise of any of its rights or powers, if it shall have reasonable grounds for believing that repayment of such funds or adequate indemnity against such risk or liability is not reasonably assured to it. Except as otherwise expressly provided herein, the Trustee shall determine whether any conditions or requirements set forth herein for any purpose have been met, and such determination by the Trustee shall be conclusive.

(E) Regardless of whether it is therein expressly so provided, every provision of this Indenture, any Supplemental Indenture, Parity Obligation Instrument, Credit Enhancement or any related document relating to the conduct or affecting the liability of or affording protection to the Trustee shall be subject to the provisions of this Article.

(F) The Trustee shall be under no obligation to exercise any of the rights or powers vested in it by this Indenture at the request or direction of any of the Bondholders pursuant to this Indenture, unless such Bondholders shall have offered

to the Trustee security or indemnity to its satisfaction against the costs, expenses and liabilities which might be incurred by it in compliance with such request or direction.

(G) The Trustee shall not be bound to make any investigation into the facts or matters stated in any resolution, certificate, statement, instrument, opinion, report, notice, request, direction, consent, order, bond, debenture, coupon or other paper or document.

(H) The Trustee may execute any of the trusts or powers hereunder or perform any duties hereunder either directly or by or through agents or attorneys, and the Trustee shall not be responsible for any misconduct or negligence on the part of any agent or attorney appointed with due care by it hereunder.

(I) The Trustee shall have no responsibility for or liability in connection with assuring that all of the procedures or conditions to closing set forth in the Purchase Agreement have been met on the Closing Date to the parties are actually delivered, except its own responsibility to receive the proceeds of the sale, deliver the Bonds, and deliver and receive other certificates and documents expressly required to be delivered by it and its counsel. The Trustee may assume that parties to the Purchase Agreement have waived their rights to receive documents or to require the performance of procedures if the parties to whom such documents are to be delivered or for whom such procedures are to be performed do not require delivery or performance on or prior to the Closing Date.

(J) The permissive right of the Trustee to do things enumerated in this Indenture shall not be construed as a duty.

(K) In accepting the trusts hereby created, the Trustee acts solely as Trustee for the Bondholders and not in its individual capacity and all persons, including, without limitation, the Bondholders and the Corporation having any claim against the Trustee arising from this Indenture shall look only to the funds and accounts held by the Trustee or its agent hereunder for payment except as otherwise provided herein. Under no circumstances shall the Trustee be liable in its individual capacity for the obligations evidenced by the Bonds.

(L) The Trustee shall not be responsible for the validity or effectiveness of any collateral given to or held by it. The Trustee shall not be responsible for the recording or filing of any document relating to this Indenture or of financing statements (or continuation statements in connection therewith) or of any supplemental instruments or documents or further assurance as may be required by law in order to perfect the security interests in any collateral given to or held by it.

(M) If, as a result of the occurrence of an Event of Default, the Corporation or the Trustee employs attorneys or incurs other fees and expenses for the collection of payments due hereunder or for the enforcement of performance or observance of any obligation or agreement on the part of the Corporation, the Corporation will, on demand, reimburse the Trustee for the reasonable fees of such attorneys and such other reasonable fees and expenses so incurred; provided, however, that amounts in the Trust Estate shall first be applied as provided in Section 1004.

(N) In no event shall the Trustee be responsible for and it makes no representations or warranty, express or implied, with respect to, compliance with the Act, the making of loans, the servicing of loans, or the sufficiency of the promissory notes or other instruments or documentation related thereto.

(O) The Trustee's rights to indemnification and payment of its fees, expenses, losses and liabilities shall survive its resignation or removal and final payment of the Bonds.

(P) The Trustee makes no representation as to the correctness or completeness of any information contained in any offering document or other offering material pertaining to, and prepared in furtherance of the sale of, any Series of Bonds.

Section 1104 - Evidence on Which Fiduciaries May Act. Each Fiduciary may rely and shall be protected in acting upon any notice, resolution, request, consent, order, certificate, report, opinion, bond or other paper or document believed by it to be genuine, and to have been signed or presented by the proper party or parties. Each Fiduciary may consult with counsel, who may or may not be of counsel to the Corporation, and the opinion of such shall be full and complete authorization and protection in respect of any action taken or suffered or omitted by it hereunder in good faith and in reliance thereon. Whenever any Fiduciary shall deem it necessary or desirable that a matter be proved or established prior to taking or suffering or omitting any action hereunder, including payment of moneys out of any Fund or Account, such matter (unless other evidence in respect thereof be herein specifically prescribed) may be deemed to be conclusively proved and established by a Certificate signed by an Authorized Officer, and such Certificate shall be full warrant for any action taken or suffered in good faith under the provisions of this Indenture upon the faith thereof, but in its discretion the Fiduciary may in lieu thereof accept other evidence of such fact or matter or may require such further or additional evidence as to it may seem reasonable. Except as otherwise expressly provided herein, any request, order, notice or other direction required or permitted to be furnished pursuant to any provision hereof by the Corporation to any Fiduciary shall be sufficient executed if executed in the name of the Corporation by an Authorized Officer.

Section 1105 - Compensation. The Corporation shall pay to the Trustee and to each Paying Agent from time to time reasonable compensation for all services rendered under this Indenture, and also all reasonable fees, expenses, charges, counsel fees and other disbursements, including those of their attorneys, agents and employees, incurred in and about the performance of their powers and duties under this Indenture, and the Trustee and each Paying Agent shall have a lien therefor on any and all funds at any time held by it under this Indenture. The Corporation further agrees to indemnify and save the Trustee and each Paying Agent harmless against any liabilities, losses, expenses, and advances which it may incur in the exercise and performance of its powers and duties hereunder, which are not due to its negligence or willful misconduct.

Section 1106 - Permitted Acts and Functions. The Trustee and any Paying Agent may become the owner of any Bonds and coupons, with the same rights it should have if it were not such Trustee or Paying Agent. The Trustee and any Paying Agent may act as Depositary for, and permit any of its officers or directors to act as a member of, or in any other capacity with respect to, any committee formed to protect the rights of Bondholders or to effect or aid in any reorganization growing out of the enforcement of the Bonds or this Indenture, regardless of whether any such committee shall represent the holders of a majority in principal amount of the Bonds then Outstanding.

Section 1107 - Resignation of Trustee. The Trustee may at any time resign and be discharged of the duties and obligations created by this Indenture by giving not less than ninety days written notice to the Corporation and to the registered owners of the Bonds, specifying the date when such resignation shall take effect. If any Bonds are Outstanding in bearer form, the Trustee shall also publish such notice once in an Authorized Newspaper. Such resignation shall take effect upon the day specified in such notice unless previously a successor shall have been appointed, as provided in Section 1109, in which event such resignation shall take effect immediately on the appointment of such successor. Notwithstanding any of the foregoing, no resignation of the Trustee shall be effective until a successor has been appointed.

Section 1108 - Removal of Trustee. The Trustee shall be removed by the Corporation if at any time so requested by an instrument or concurrent instruments in writing, filed with the Trustee and the Corporation, and signed by the holders of a majority in principal amount of the Bonds then Outstanding or their attorneys-in-fact duly authorized, excluding any Bonds held by or for the account of the Corporation. The Corporation may remove the Trustee at any time, except during the existence of an Event of Default, for such cause as shall be determined in the sole discretion of the Corporation by filing with the Trustee an instrument signed by an Authorized Officer of the Corporation.

Section 1109 - Appointment of Successor Trustee. (A) In case at any time the Trustee shall resign or shall be removed or shall become incapable of acting, or shall be adjudged a bankrupt or insolvent, or if a receiver, liquidator or conservator of the Trustee, or of its property, shall be appointed, or if any public officer shall take charge or control of the Trustee, or of its property or affairs, the Corporation covenants and agrees that it will thereupon appoint a successor Trustee. The Corporation shall provide written notice of such appointment to the registered owners of the Bonds and, if any Bonds are Outstanding in bearer form, shall also publish notice of such appointment in an Authorized Newspaper, such notice to be given and publication to be made within twenty days after such appointment.

(B) If in a proper case no appointment of a successor Trustee shall be made pursuant to the foregoing provisions of this Section within forty-five days after the Trustee shall have given to the Corporation written notice, as provided in Section 1107, or after a vacancy in the office of the Trustee shall have occurred by reason of its inability to act, the Trustee or the holder of any Bond may apply to any court of competent jurisdiction to appoint a successor Trustee. Said court may thereupon, after such notice, if any, as such court may deem proper and prescribe, appoint a successor Trustee.

(C) Any Trustee appointed under the provisions of this Section in succession to the Trustee shall be a trust company or bank in good standing having the powers of a trust company within or outside the State and subject to examination by federal or state authority, having a capital and surplus aggregating at least Seventy-Five Million Dollars (\$75,000,000) and acceptable to each Credit Enhancement if there be such a trust company or bank willing and able to accept the office on reasonable and customary terms and authorized by law to perform all the duties imposed upon it by this Indenture.

Section 1110 - Transfer of Rights and Property to Successor Trustee. Any successor Trustee appointed under this Indenture, shall execute, acknowledge and deliver to its predecessor Trustee, and also to the Corporation, an instrument accepting such appointment, and thereupon such successor Trustee, without any further act, deed or conveyance, shall become fully vested with all moneys, estates, properties, rights, powers, duties and obligations of such predecessor Trustee, with like effect as if originally named as Trustee; but the Trustee ceasing to act shall nevertheless, on the request of the Corporation, or of the successor Trustee, execute, acknowledge and deliver such instruments of conveyance and further assurance and do such other things as may reasonable be required for more fully and certainly vesting and confirming in such successor Trustee all the right, title and interest of the predecessor Trustee in and to any property held by it under this Indenture, and shall pay over, assign and deliver to the successor Trustee any money or other property subject to the trusts and conditions herein set forth. Should any deed, conveyance or instrument in writing from



the Corporation be required by such successor Trustee for more fully and certainly vesting in and confirming to such successor Trustee any such estates, rights, powers and duties, any and all such deeds, conveyances and instruments in writing shall, on request, and so far as may be authorized by law, be executed, acknowledged and delivered by the Corporation. Any such successor Trustee shall promptly notify the Paying Agents of its appointment as Trustee. The Corporation shall pay the expenses of effecting a transfer under this Section.

Section 1111 - Merger or Consolidation. Any company into which any Fiduciary may be merged or converted or with which it may be consolidated or any company resulting from any merger, conversion or consolidation to which it shall be a party or any company to which any Fiduciary may sell or transfer all or substantially all of its corporate trust business, provided such company shall be a trust company or bank which is qualified to be a successor to such Fiduciary under Section 1110 or Section 1113 and shall be authorized by law to perform all the duties imposed upon it by this Indenture, shall be the successor to such Fiduciary without the execution or filing of any paper or the performance of any further act, anything herein to the contrary notwithstanding.

Section 1112 - Adoption of Authentication. In case any of the Bonds contemplated to be issued under this Indenture shall have been authenticated but not delivered, any successor Trustee may adopt the certificate of authentication of any predecessor Trustee so authenticating such Bonds and deliver such Bonds so authenticated, and in case any of the said Bonds shall not have been authenticated, any successor Trustee may authenticate such Bonds in the name of the successor Trustee, and in all such cases such certificate shall have the full force which it is anywhere in said Bonds or in this Indenture provided that the certificate of the Trustee shall have.

Section 1113 - Resignation or Removal of the Paying Agents and Appointment of Successors. (A) Any Paying Agent may at any time resign and be discharged of the duties and obligations created by this Indenture by giving at least sixty days' written notice to the Corporation and Trustee. Any Paying Agent may be removed at any time by an instrument filed with such Paying Agent and the Trustee and signed by an Authorized Officer of the Corporation. Any successor Paying Agent shall be appointed by the Corporation and shall be a trust company or bank having the powers of a trust company, having a capital and surplus aggregating at least Three Million Dollars (\$3,000,000), and willing and able to accept the office of Paying Agent on reasonable and customary terms and authorized by law to perform all the duties imposed upon it by this Indenture.

(B) In the event of the resignation or removal of any Paying Agent, such Paying Agency shall pay over, assign and deliver any moneys held by it to its

successor, or if there be no successor then appointed, to the Trustee until such successor be appointed.

Section 1114 - Evidence of Signatures of Bondholders and Ownership of Bonds.

(A) Any request, consent or other instrument which this Indenture may require or permit to be signed and executed by the Bondholders may be in one or more instruments of similar tenor, and shall be signed or executed by such Bondholders in person or by their attorneys appointed in writing. Proof of (i) the execution of any such instrument, or of an instrument appointing any such attorney, or (ii) the holding by any person of the Bonds or coupons appertaining thereto shall be sufficient for any purpose of this Indenture (except as otherwise herein expressly provided) if made in the following manner, but the Trustee may nevertheless in its discretion require further or other proof in cases where it deems the same desirable:

(1) The fact and date of the execution by any Bondholder or his attorney of such instrument may be proved by the certificate, which need not be acknowledged or verified, of an officer of a bank or trust company satisfactory to the Trustee or of any notary public or other officer authorized to take acknowledgments of deeds to be recorded in the state in which she purports to act, that the person signing such request or other instrument acknowledged to him the execution thereof, or by an affidavit of a witness of such execution, duly sworn to before such notary public or other officer. The authority of the person or persons executing any such instrument on behalf of a corporate Bondholder may be established without further proof if such instrument is signed by a person purporting to be the president or a vice president of such corporation with a corporate seal affixed and attested by a person purporting to be its secretary or an assistant secretary;

(2) The amount of Bonds transferable by delivery held by any person executing such request or other instrument as a Bondholder, and the numbers and other identification thereof, and the date of his holding such Bonds, may be proved by a certificate, which need not be acknowledged or verified, satisfactory to the Trustee, executed by an officer of a trust company, bank, financial institution or other depository or member of the National Association of Securities Dealers, Inc. wherever situated, showing that at the date therein mentioned such person exhibited to such officer or had on deposit with such depository the Bonds described in such certificate. Continued ownership after the date stated in such certificate may be proved by the presentation of such certificate if the certificate contains a statement by such officer that the depository held that Bonds therein referred to on the date of the certificate and that they will not be surrendered without the surrender of the certificate to the depository, except with the consent of the Trustee, and a certificate of the

Trustee, which need not be acknowledged or verified, that such consent has not been given.

(B) Except in the case of Bonds transferable by delivery only, the ownership of Bonds and the amount, numbers and other identification, and date of holding the same shall be proved by the registry books. Any request, consent or vote of the owner of any Bond shall bind all future owners of such Bond in respect of anything done or suffered to be done by the Corporation or any Fiduciary in accordance therewith.

Section 1115 - Preservation and Inspection of Documents. All documents received by any Fiduciary under the provisions of this Indenture or any Supplemental Indenture shall be retained in its possession until six (6) years after the final payment of principal of the Bonds becomes due and payable and shall be subject at all reasonable times to the inspection of the Corporation, any other Fiduciary and any Bondholder and their agents and their representatives, any of whom may make copies thereof.

Section 1116 - Administration of Education Loan Program. The Corporation agrees that the Trustee shall have no responsibility whatsoever for monitoring, or any other activity, with respect to the Corporation's administration of loan programs or the servicing of loans.

Section 1117 - Power to Appoint Co-Trustee. (A) At any time after an Event of Default, if necessary to meet the legal requirements of any applicable jurisdiction, the Trustee shall have power to appoint one or more co-trustees under this Indenture, with such powers as may be provided in the instrument of appointment, and to vest in such person or persons any property, title, right or power deemed necessary or desirable, subject to the remaining provisions of this Section.

(B) Each co-trustee shall, to the extent permitted by applicable law, be appointed subject to the following terms:

(i) The Bonds shall be authenticated and delivered solely by the Trustee, and all rights, powers, duties and obligations hereunder in respect of the custody of Investment Securities, cash and other personal property held by, or required to be deposited or pledged with, the Trustee hereunder shall be exercised solely by the Trustee.

(ii) The rights, powers duties and obligations hereby conferred or imposed upon the Trustee in respect of any property covered by such appointment shall be conferred or imposed upon and exercised or performed by the Trustee or by the Trustee and co-trustee jointly, as shall be provided in the instrument appointing such co-trustee, except to the extent that, under any law of any

jurisdiction in which any particular act or acts are to be performed, the Trustee shall be incompetent or unqualified to perform such act or acts, in which event such rights, powers, duties and obligations shall be exercised by such co-trustee.

(iii) The Trustee may at any time, by an instrument in writing executed by it, accept the resignation of or remove any co-trustee appointed under this Section.

(iv) No power given to any co-trustee shall be separately exercised hereunder by such co-trustee except with the consent in writing of the Trustee, anything contained in this Section to the contrary notwithstanding.

(C) Should any written instrument from the Corporation be required by any co-trustee so appointed for more fully confirming to such co-trustee such rights, powers, duties and obligations, any and all such instruments shall, on request, be executed, acknowledged and delivered by the Corporation forthwith.

(D) The rights, powers and duties of the Corporation with respect to any co-trustee shall be the same as its rights, powers and duties with respect to the Trustee.

## ARTICLE XII MISCELLANEOUS

Section 1201 - Defeasance. (A) If the Corporation shall pay or cause to be paid to the holders of the Bonds, the principal and interest and Redemption Price, if any, to become due thereon, at the times and in the manner stipulated therein and in this Indenture, and also shall pay or cause to be paid all other sums payable hereunder by the Corporation, including any amounts payable to the United States, then the pledge of any revenues and assets hereby pledged and all other rights granted hereby shall, at the election of the Corporation (evidenced by a certificate of an Authorized Officer filed with the Trustee, signifying the intention of the Corporation to discharge all such indebtedness and this Indenture and any Supplemental Indenture), and notwithstanding that any Bonds shall not have been surrendered for payment, be discharged and satisfied. In such event, the Trustee shall, upon the written request of the Corporation, execute and deliver to the Corporation all such instruments as may be desirable to evidence such discharge and satisfaction and the Fiduciaries shall pay over or deliver to the Corporation all moneys or securities held by them pursuant to this Indenture which are not required for the payment or redemption of Bonds not theretofore surrendered for such payment or redemption.

(B) If funds shall have been set aside and shall be held in trust by Fiduciaries for the payment of principal, interest and Redemption Price (through deposit by the

Corporation of funds for such payment or redemption or otherwise) at the maturity or upon the date upon which such Bonds have been duly called for redemption thereof, such Bonds shall be deemed to have been paid within the meaning and with the effect expressed in subsection (A) of this Section. All Outstanding Bonds shall, prior to the maturity or redemption date thereof, be deemed to have been paid within the meaning and with the effect expressed in subsection (A) of this Section if (i) in case any of said Bonds are to be redeemed on any date prior to their maturity, the Corporation shall have given to the Trustee in form satisfactory to it irrevocable instructions to publish as provided in Article VI notice of redemption on said date of such Bonds, (ii) there shall have been deposited with the Trustee either funds in an amount which shall be sufficient, or Investment Securities which are not subject to redemption prior to the dates on which amounts will be needed to make payments on the Bonds defeased and the principal of and the interest on which when due will provide moneys which, together with the moneys, if any, deposited with the Trustee at the same time, shall be sufficient in the opinion of an Accountant delivered to the Trustee, to pay when due the principal or Redemption Price, if any, and interest due and to become due on said Bonds on any date prior to the redemption date or maturity date thereof, as the case may be, (iii) in the event said Bonds are not by their terms subject to redemption within the next succeeding sixty days, the Corporation shall have given the Trustee in form satisfactory to it irrevocable instructions to mail a notice to the holders of such Bonds that the deposit required by (ii) above has been made with the Trustee and that said Bonds are deemed to have been paid in accordance with this Section and stating such maturity or redemption date upon which moneys are to be available for the payment of the principal or Redemption Price, if any, of said Bonds and (iv) a Counsel's Opinion stating that all conditions precedent to the satisfaction and discharge of this Indenture have been complied with, the defeasance complies with the terms of this Indenture, and the defeasance will not adversely affect the tax status of the Bonds. Neither Investment Securities or moneys deposited with the Trustee pursuant to this Section nor principal or interest payments on any such Investment Securities shall be withdrawn or used for any purpose other than, and shall be held in trust for, the payment of the principal or Redemption Price, if any, of and interest on said Bonds; provided that any cash received from such principal or interest payments on such Investment Securities deposited with the Trustee, if not then needed for such purpose, shall, to the extent practicable, be reinvested in Investment Securities maturing at times and in amounts sufficient to pay when due the principal or Redemption Price, if any, and interest to become due on said Bonds on and prior to such redemption date or maturity date thereof, as the case may be, and interest earned from such reinvestments shall be paid over to the Corporation, as received by the Trustee, free and clear of any trust, lien or pledge.

(C) If, through the deposit of moneys by the Corporation or otherwise, the Fiduciaries shall hold, pursuant to this Indenture, moneys sufficient to pay the principal and interest to maturity on all Outstanding Bonds or to pay, in the case of Bonds in

respect of which the Corporation shall have taken all action necessary to redeem prior to maturity, the Redemption Price and interest to such redemption date, then at the written request of the Corporation all moneys held by any Paying Agent shall be paid over to the Trustee and, together with other moneys held by it hereunder, shall be held by the Trustee for the payment or redemption of Outstanding Bonds.

(D) Anything in this Indenture to the contrary notwithstanding, any moneys held by a Fiduciary in trust for the payment and discharge of any of the Bonds which remain unclaimed for one year after the date when all of the Bonds have become due and payable, either at their stated maturity dates or by call for earlier redemption, if such moneys were held by the Fiduciary at such date, or for one year after the date of deposit of such moneys if deposited with the Fiduciary after the said date when all of the Bonds became due and payable, shall be repaid by the Fiduciary to the Corporation, as its absolute property and free from trust, and the Fiduciary shall thereupon be released and discharged.

Section 1202 - Moneys Held for Particular Bonds. The amounts held by any Fiduciary for the payment of the interest, principal or Redemption Price due on any date with respect to particular Bonds shall, on and after such date and pending such payment, be set aside on its books and held in trust by it for the holders of the Bonds entitled thereto. If any such amount remains unclaimed for a period of one year after such date, the Trustee shall pay over such amount, together with all investment earnings thereon and all investment earnings on any investment earnings, to the Corporation.

Section 1203 - No Recourse Under Indenture or on Bonds. All covenants, stipulations, promises, agreements and obligations of the Corporation contained in this Indenture shall be deemed to be the covenants, stipulation, promises, agreements and obligations of the Corporation and not of any member, officer or employee of the Corporation in his individual capacity, and no recourse shall be had for the payment of the principal or Redemption Price of or interest on the Bonds or for any claim based thereon or on this Indenture against any member, officer or employee of the Corporation or any natural person executing the Bonds.

Section 1204 - Notices to Rating Agencies and to Credit Enhancement Agency. The Trustee shall give prompt notice to the Rating Agencies and any Credit Enhancement Agency of the resignation of the Trustee or the appointment of any successor Trustee, of any amendment to or modification of this Indenture or the execution of any Supplemental Indenture or when there are no longer any Bonds remaining Outstanding. All notices to a Rating Agency or a Credit Enhancement Agency hereunder shall be sent by first class mail to the address provided to the Trustee by such Rating Agency or Credit Enhancement Agency.

Section 1205 - Conflict. All resolutions or parts of resolutions or other proceedings of this Corporation in conflict herewith be and the same are repealed insofar as such conflict exists.

Section 1206 - Governing Law. This Indenture and the Bonds shall be construed in accordance with, and governed by, the laws of the State of Alaska.

Section 1207 - Effective Date. This Indenture shall take effect immediately upon its execution.

IN WITNESS WHEREOF, ALASKA STUDENT LOAN CORPORATION has caused this Indenture to be executed by its Executive Officer and U.S. Bank National Association has caused this Indenture to be executed by its Assistant Vice President, all as of the day and year first above written.

ALASKA STUDENT LOAN CORPORATION

By   
DIANE BARRANS  
Executive Officer

U.S. BANK NATIONAL ASSOCIATION

By   
GREG SKUTNIK  
Assistant Vice President



**EXHIBIT A**

**CUSTODIAN/DEPOSITARY/SERVICING AGREEMENT**

## **CUSTODIAN/DEPOSITARY/SERVICING AGREEMENT**

WHEREAS, Alaska Student Loan Corporation (the "Corporation") and U.S. Bank National Association (the "Trustee") have entered into an Indenture dated as of March 1, 2005 (the "Indenture") pursuant to which the Corporation intends to issue its State Projects Revenue Bonds (the "Bonds"); and

WHEREAS, the Corporation has financed certain education loans (the "Financed Loans"), which are held in funds created under one or more of the Corporation's bond trust indentures (other than the Indenture) (the "Prior Indentures"); and

WHEREAS, the Corporation has determined to release from the lien and encumbrance of the Prior Indentures certain Financed Loans which it will deposit in the Pledged Loans Fund created in the Indenture and which, together with any other loans or other assets deposited in said Pledged Loans Fund, will be pledged as security for the Bonds (all said loans at any time held in the said Pledged Loans Fund, the "Pledged Loans"); and

WHEREAS, the Corporation desires that the Alaska Commission on Postsecondary Education, as servicer and custodian, hold the Pledged Loans in trust for the benefit of the Trustee and perform other functions with respect to the Pledged Loans as set forth herein; and

WHEREAS, pursuant to the Indenture, the Corporation has granted to the Trustee, and its successors and assigns, a security interest in, among other things, the promissory notes and certain other documents relating to the Pledged Loans as security; and

WHEREAS, the Corporation further desires that the State of Alaska, acting through its Department of Revenue and as the agent of the Trustee, receive and hold in custody payments from the borrowers of the Pledged Loans and transfer such payments to the Trustee at the time and in the manner directed by the Corporation or the Trustee, all as further set forth herein; and

WHEREAS, the Corporation hereby directs the Trustee to enter into this Custodian/Depositary/Servicing Agreement;

NOW, THEREFORE, the Corporation, the Trustee, the State, acting through its Department of Revenue, and the Commission hereby agree as follows:

**SECTION 1. DEFINITIONS.** As used herein, the following terms shall have the following meanings:

"Agreement" shall mean this Custodian/Depositary/Servicing Agreement dated as of March 1, 2005, as amended and supplemented from time to time.

"Bond Insurer" shall mean Financial Security Assurance Inc., a New York Stock insurance company, or any successor thereto or assignee thereof.

"Commission" shall mean the Alaska Commission on Postsecondary Education created by AS 14.42.015.

"Corporation" shall mean the Alaska Student Loan Corporation, a public corporation organized and existing under the laws of the State of Alaska, and any successor to its functions.

"Custodian" shall mean the Alaska Commission on Postsecondary Education.

"Department of Revenue" shall mean the Department of Revenue of the State of Alaska.

"Depository" shall mean the State of Alaska, acting through its Department of Revenue.

"First Supplemental Indenture" shall mean the indenture dated as of March 1, 2005 by and between the Corporation and the Trustee which authorized the issuance of the Corporation's State Projects Revenue Bonds, 2005 Series A.

"Indenture" shall mean the Indenture dated as of March 1, 2005, by and between the Corporation and the Trustee, including exhibits thereto and all amendments thereto.

"Letter of Instructions" shall mean any written instructions from the Corporation or from the Corporation's bond counsel to the State relating to investment and other limitations imposed on any Bonds by or pursuant to the Internal Revenue Code of 1986, and regulations and rulings thereunder, as amended from time to time.

"Pledged Loans" shall mean loans held at any time in the Pledged Loan Fund created in the Indenture.

"Pledged Loans Revenue Fund" shall mean the Pledged Loans Revenue Fund created in Section 5(B) hereof.

"Prior Indenture" shall mean any indenture (other than the Indenture) entered into by the Corporation with a trustee relating to bonds of the Corporation (other than the Bonds), and all supplemental and amending indentures thereto.

"Prior Trustee" shall mean any institution acting as trustee under a Prior Indenture and its successors or assigns.

"Servicer" shall mean the Alaska Commission on Postsecondary Education.

"State" shall mean the State of Alaska.

"Trustee" shall mean U.S. Bank National Association and its successors or assigns.

All other terms not otherwise defined herein shall have the meaning set forth therefor in the Indenture.

**SECTION 2. SERVICING AND CUSTODY OF PLEDGED LOANS BY COMMISSION; INFORMATION REGARDING PLEDGED LOANS.** (A) The Corporation and the Trustee hereby appoint the Custodian as the Trustee's agent solely to take possession and custody of the Pledged Loans and the proceeds thereof in accordance with the terms of this Agreement. The Custodian hereby accepts said appointment and acknowledges receipt of notice of the security interest held by the Trustee on the Pledged Loans.

(B) The Commission agrees to act as Servicer and as Custodian of the Pledged Loans and, in such capacity, shall hold the original notes evidencing the Pledged Loans in a safe place on its premises in trust for the benefit of the Trustee and, further, shall maintain complete and current accounting records with respect to each of the Pledged Loans, including, but not limited to, the name and other identifying information of each obligor of a Pledged Loan, the principal amount of each Pledged Loan awarded to the obligor, the current principal balance of each Pledged Loan, and the payment status of each Pledged Loan. The Commission agrees to service all Pledged Loans in a prudent and diligent manner and in compliance with all applicable required law and regulations and any other state or federal law applicable to such Pledged Loans.

(C) The Custodian shall at all times maintain records indicating the borrower name and social security number, original note amount, and date and maturity date, at a minimum, of all Pledged Loans which are delivered to it to hold as Custodian pursuant to this Agreement and indicating that such loans have been pledged under the Indenture.

(D) The Trustee shall not have any responsibility for loss or damage suffered by the Corporation with respect to any Pledged Loan delivered or released pursuant to this Agreement.

(E) The Trustee may rely conclusively on any report, statement or record of the Custodian.

(F) The Trustee may, but shall have no duty to, verify the accuracy or completeness of the Custodian's records or reports.

**SECTION 3. NOTICE TO OBLIGORS OF ASSIGNMENT OF INTEREST IN PLEDGED LOANS.** The Trustee may mail, and the Commission shall mail upon direction from the Trustee, a notice to each obligor of a Pledged Loan advising such obligor that such Pledged Loan has been pledged as security for the Bonds. In such notice, the Trustee or the Commission, as the case may be, may also direct such obligor to make loan payments to the agent of the Trustee at the address stated in the notice. The Trustee shall mail, or cause to be mailed, such notice only at such time or times as the Trustee considers necessary to perfect its security interest in any of the Pledged Loans, to assure that payments with respect to each of the Pledged Loans are made in a timely manner or otherwise to protect the interests of the holders of the Bonds.

**SECTION 4. PAYMENTS RECEIVED BY CORPORATION.** If the Corporation or the Commission receives any payment of, or with respect to, a Pledged Loan, the Corporation or Commission, respectively, shall receive and hold such payment in trust for the Trustee or for the Department of Revenue, as agent of the Trustee, shall exercise no ownership or other rights with respect thereto, and shall remit the same promptly to the Trustee or the Department of Revenue, as agent for the Trustee.

**SECTION 5. STATE TO ACT AS AGENT OF TRUSTEE; DELEGATION OF DUTIES.** (A) The State, acting through its Department of Revenue, agrees to act as depositary and agent of the Trustee for the purpose of receiving all payments of any Pledged Loans and temporarily holding and investing the same in trust for the benefit of the Trustee in accordance with this Agreement and thereafter disbursing such payments, together with investment earnings thereon, to the Trustee in accordance with instructions from the Trustee or the Corporation. The Department of Revenue shall hold and invest Pledged Loan payments, together with all investment earnings thereon, solely on behalf of and for the benefit of the Trustee, shall apply such amounts solely for the purposes and in accordance with the provisions hereof and the Indenture, and shall not mingle such amounts with any moneys or other assets contained in any other account or subaccount of the State of Alaska or any subdivision thereof except the

Corporation. All such Pledged Loan payments and investment earnings shall at all times be a part of the Trust Estate.

(B) All Pledged Loan payments received by the Department of Revenue pursuant to (A) or (D) of this Section shall promptly be deposited in the Pledged Loans Revenue Fund, which is hereby created as a special trust fund for the benefit of the Trustee to be held in trust by the Department of Revenue as agent of the Trustee. Pending disbursement to the Trustee, the Department of Revenue shall invest and secure amounts held in the Pledged Loans Revenue Fund in accordance with Section 8 hereof. The Department of Revenue agrees that, for so long as there is any amount on deposit in the Pledged Loans Revenue Fund, it will keep and maintain said fund separate and apart from any other funds or accounts of the State.

(C) The State, acting through its Department of Revenue, may delegate its duty to receive payments of Pledged Loans under (A) of this Section to a financial institution or another department of State government; provided that (1) any account established with such financial institution or other department of State government shall be a trust account for the benefit of the Trustee (as to which the State, acting through its Department of Revenue, agrees to act as trustee) and shall be clearly designated as such; (2) such financial institution, as the agent of the State, must have the power to act as a trustee and must agree so to act for the benefit of the Trustee with respect to any amounts received by it pursuant to a delegation under this Section 5(C); (3) while any amounts are on deposit in an account created with said financial institution, such financial institution shall invest such amount in accordance with Section 8 hereof; and (4) before making any delegation pursuant to this sentence, the State, acting through its Department of Revenue, shall give notice to the Corporation sufficient to permit the Corporation to provide notice to the Trustee as provided in the next sentence. The Corporation shall provide written notice to the Trustee 30 days before any such change.

(D) The State may provide for payment of any Pledged Loan by an employee of the State of Alaska through a payroll deduction plan provided that the State shall promptly transfer to the Pledged Loans Revenue Fund any amounts so deducted from employees' pay checks. The State, acting through its Department of Revenue, agrees that such amounts so deducted shall never be considered property or assets of the State but, rather, are and shall be treated and considered as payments by the individual employees which, upon their receipt by the State, as depository and agent of the Trustee, are part of the Trust Estate.

(E) The Department of Revenue shall provide the Commission and the Trustee with such information that is reasonably available to it as the Commission or

the Trustee requires and at such times as the Commission requires so that the Commission is able to satisfy its duties under Section 7(A) hereof.

**SECTION 6. RELEASE OF ASSETS.** The Department of Revenue, on behalf of the State, and the Commission shall release to the Trustee any or all assets held under this Agreement by the State (or any agent of the State) or the Commission at such time or times as the Trustee shall direct.

**SECTION 7. REPORTING AND OTHER ACTIONS.** (A) The Commission shall keep true and accurate records of all payments collected and all disbursements made under this Agreement. The Commission shall promptly deliver to the Corporation and to the Trustee all information as either of them may reasonably request from time to time in connection with any amounts held hereunder and, in any event, shall provide the Trustee with a monthly report identifying each of the Pledged Loans which have been paid off since the most recent report. The Department of Revenue shall cause any financial institution described in Section 5(C) to remit to the Servicer copies of evidences of payment received by it pursuant to this Agreement.

(B) The Commission and the Department of Revenue shall cooperate fully with the Corporation and the Trustee (including, without limitation, by providing the Corporation and the Trustee with access to (1) all books, records, tapes and other information relating to Pledged Loans or any amounts held hereunder and (2) officers and other personnel of the Commission or the Department of Revenue, in each case during the Commission's or the Department of Revenue's, as the case may be, normal business hours and as often as any of them may reasonably be requested) in order to effectuate the transactions contemplated by this Agreement. Provided the Commission or the Department of Revenue is first compensated for its expenses by the Corporation to its satisfaction, the Commission or the Department of Revenue, respectively, shall take such actions and make such inquiries with respect to this subsection as shall be requested by the Corporation or the Trustee.

**SECTION 8. INVESTMENTS.** (A) All amounts held hereunder by the Department of Revenue shall be invested and reinvested, pending their application herewith, in Investment Securities within the meaning of such term as set forth in the Indenture. Pursuant to the terms of the Indenture, the definition of "Investment Securities" shall be determined by, and may change from time to time with the adoption of, supplements to the Indenture. As of the date hereof, "Investment Securities" is defined by the First Supplemental Indenture to mean:

- (i) Direct obligations of (including obligations issued or held in book entry form on the books of) the Department of the Treasury of the United States of America.

- (ii) Obligations of any of the following federal agencies which obligations represent the full faith and credit of the United States of America:
- Export-Import Bank
  - Farm Credit System Financial Assistance Corporation
  - Rural Economic Community Development Administration (formerly known as Farmers Home Administration)
  - General Services Administration
  - U.S. Maritime Administration
  - Small Business Administration
  - Government National Mortgage Association (GNMA)
  - U.S. Department of Housing & Urban Development (PHA's)
  - Federal Housing Administration
  - Federal Financing Bank.
- (iii) Senior debt obligations rated "AAA" by Standard & Poor's issued by the Federal National Mortgage Association or the Federal Home Loan Mortgage Corporation, obligations of the Resolution Funding Corporation (REFCORP), senior debt obligations of the Federal Home Loan Bank System, and senior debt obligations of any government sponsored agencies approved by Financial Security Assurance Inc.
- (iv) U.S. Dollar denominated deposit accounts, federal funds, and bankers' acceptances with domestic commercial banks (including any affiliate of the Trustee) which have a rating on their short term certificates of deposit on the date of purchase of "A-1" or "A-1+" by Standard & Poor's and maturing no more than 360 days after the date of purchase (for purposes of this definition, the rating of a holding company shall not be considered the rating of any bank held by such holding company).
- (v) Commercial paper which is rated at the time of purchase "A-1+" by Standard & Poor's and which matures not more than 270 days after the date of purchase.
- (vi) Investments in a money market fund rated "AAAm" or "AAAm-G" or better by Standard & Poor's, including money market funds from which the Trustee or its affiliate derives a fee for investment advisory or other services to the fund.
- (vii) Pre-refunded municipal obligations defined as follows:



Any bonds or other obligations of any state of the United States of America or of any agency, instrumentality or local governmental unit of any such state which are not callable at the option of the obligor prior to maturity or as to which irrevocable instructions have been given by the obligor to call on the date specified in the notice, and (A) which are rated, based on an irrevocable escrow account or fund (the "escrow"), in the highest rating category of Standard & Poor's; or (B)(i) which are fully secured as to principal and interest and redemption premium, if any, by an escrow consisting only of cash or obligations described in paragraph (a) above, which escrow may be applied only to the payment of such principal of and interest and redemption premium, if any, on such bonds or other obligations on the maturity date or dates thereof or the specified redemption date or dates pursuant to such irrevocable instructions, as appropriate; and (ii) which escrow is sufficient, as verified by a nationally recognized independent certified public accountant, to pay principal of and interest and redemption premium, if any, on the bonds or other obligations described in this paragraph on the maturity date or dates specified in the irrevocable instructions referred to above, as appropriate.

- (viii) general obligations of states with a rating of at least "A2/A" or higher by Standard & Poor's.
- (ix) Repurchase agreements for 30 days or less provided the following criteria are met:
  - (a) the agreement must be between the Corporation, the Trustee, or third party acting as agent for the Corporation or the Trustee, and a dealer bank or securities firm, which may only include:
    - a) primary dealers on the Federal Reserve reporting dealer list which are rated A or better by Standard & Poor's and Moody's, or
    - b) Banks rated "A" or above by Standard & Poor's and Moody's;
  - (b) the written contract must include the following:
    - a) securities which are acceptable for transfer are Investment Securities described in (i), (ii) and (iii) above;
    - b) the term of the agreement may be up to 30 days;

- c) the collateral must be delivered to the Corporation, the Trustee (if the Trustee is not supplying the collateral) or third party acting as agent for the Trustee before or simultaneously with payment;
  - (iv) the securities must be valued weekly, marked-to-market at current market price plus accrued interest; the value of the collateral must be equal to 104% of the amount of cash transferred by the Corporation or the Trustee to the dealer bank or security firm under the agreement plus accrued interest; if the value of the securities held as collateral is, at any time, below 104% of the value of the cash transferred by the Corporation or the Trustee, then additional cash or acceptable securities (as described in (b)a) of this paragraph) must be transferred; if, however, the securities used as collateral are FNMA or FHLMC obligations, then the value of collateral must equal 105%; and
  - (c) the Corporation or the Trustee must receive a legal opinion stating that the form of the agreement, which shall be attached to such opinion, meets guidelines under State law for legal investment of public funds; provided, however, that the opinion described in this clause (c) is required to be delivered only on the date of issuance of the Bonds and on the date the Corporation or Trustee enters into a repurchase agreement that is in a form materially different from the form for which an opinion has previously been given pursuant to this clause (c)."
- (x) Investment agreements with a domestic or foreign bank or corporation (other than a life or property casualty insurance company) the long-term debt of which, or, in the case of a guaranteed corporation the long-term debt, or, in the case of a monoline financial guaranty insurance company, claims paying ability, of the guarantor is rated at least "AA" by Standard & Poor's and "Aa" by Moody's; provided that, by the terms of the investment agreement:
  - (a) interest payments are to be made to the Trustee at times and in amounts as necessary to pay debt service (or, if the investment agreement is for the construction fund, construction draws) on the Bonds;

- (b) the invested funds are available for withdrawal without penalty or premium, at any time upon not more than seven days' prior notice; the Corporation and the Trustee hereby agree to give or cause to be given notice in accordance with the terms of the investment agreement so as to receive funds thereunder with no penalty or premium paid;
- (c) the investment agreement shall state that is the unconditional and general obligation of, and is not subordinated to any other obligation of, the provider thereof or, if the provider is a bank, the agreement or the opinion of counsel shall state that the obligation of the provider to make payments thereunder ranks *pari passu* with the obligations of the provider to its other depositors and its other unsecured and unsubordinated creditors;
- (d) the Corporation or the Trustee receives the opinion of domestic counsel (which opinion shall be addressed to the Corporation and the Bond Insurer) that such investment agreement is legal, valid, binding and enforceable upon the provider in accordance with its terms and of foreign counsel (if applicable) in form and substance acceptable, and addressed to, the Bond Insurer;
- (e) the investment agreement shall provide that if during its term:
  - a) the provider's rating by either Standard & Poor's or Moody's falls below "AA-" or "Aa3", respectively, the provider shall, at its option, within 10 days of receipt of publication of such downgrade, either (i) collateralize the investment agreement by delivering or transferring in accordance with applicable state and federal laws (other than by means of entries on the provider's books) to the Corporation, the Trustee or a third party acting solely as agent therefor (the "Holder of the Collateral") collateral free and clear of any third-party liens or claims the market value of which collateral is maintained at levels and upon such conditions as would be acceptable to S & P and Moody's to maintain an "A" rating in an "A" rated structured financing (with a market value approach); or (ii) repay the principal of and accrued but unpaid interest on the investment, and
  - b) the provider's rating by either Standard & Poor's or Moody's is withdrawn or suspended or falls below "A-" or "A3",

respectively, the provider must, at the direction of the Corporation or the Trustee (who shall give such direction if so directed by the Bond Insurer), within 10 days of receipt of such direction, repay the principal of and accrued but unpaid interest on the investment, in either case with no penalty or premium to the Corporation or Trustee, and

- (f) The investment agreement shall state and an opinion of counsel shall be rendered, in the event collateral is required to be pledged by the provider under the terms of the investment agreement, at the time such collateral is delivered, that the Holder of the Collateral has a perfected first priority security interest in the collateral, any substituted collateral and all proceeds thereof (in the case of bearer securities, this means the Holder of the Collateral is in possession);
- (g) the investment agreement must provide that if during its term:
  - a) the provider shall default in its payment obligations, the provider's obligations under the investment agreement shall, at the direction of the Corporation or the Trustee (who shall give such direction if so directed by the Bond Insurer), be accelerated and amounts invested and accrued but unpaid interest thereon shall be repaid to the Corporation or Trustee, as appropriate, and
  - b) the provider shall become insolvent, not pay its debts as they become due, be declared or petition to be declared bankrupt, etc. ("event of insolvency"), the provider's obligations shall automatically be accelerated and amounts invested and accrued but unpaid interest thereon shall be repaid to the Corporation or Trustee, as appropriate.

(B) Investments under this Section shall mature or be subject to redemption at the option of the holder at such times as will permit the Department of Revenue to transfer amounts to the Trustee at such time or times as the Trustee or the Corporation may direct. Any such investments shall be held by or under the control of the Department of Revenue, in trust, as agent for the Trustee and while so held shall be a part of the Trust Estate, and the interest accruing thereon and any profit realized from such investments shall be transferred to the Trustee at least monthly for crediting to the Revenue Fund created in the Indenture.

(C) All investments hereunder shall conform to any applicable requirements or limitations of the Indenture. The Department of Revenue agrees that it will comply with the provisions of the Indenture and any Letter of Instructions pertaining to arbitrage or other Federal tax law limitations on the investment of amounts described in this Section.

(D) All amounts held under this Agreement by the Department of Revenue shall be held in trust for the benefit of the Trustee and shall be invested in Investment Securities or continuously and fully secured for the benefit of the Corporation and the holders of the Bonds either (i) by lodging Investment Securities as collateral with the Trustee as custodian, having a market value (exclusive of accrued interest) not less than the amount of such moneys or (ii) in such other manner as may then be required by applicable Federal or State laws and regulations regarding security for, or granting a preference in the case of, the deposit of trust funds; except that it shall not be necessary for the Department of Revenue or any Depositary to give security under this subsection for the deposit of any moneys with them held in trust and set aside by them for the payment of the principal or Redemption Price of or interest on any Bonds. The Department of Revenue shall not be responsible for any losses resulting from the investment of moneys in the funds and accounts created hereunder, so long as such investments are made in accordance with this Agreement. The Trustee shall not be responsible for any losses resulting from the investment of any moneys in the funds and accounts with the State of Alaska acting through the Department of Revenue.

**SECTION 9. RESIGNATION OR RELEASE OF STATE OF ALASKA.** (A) The State (whether acting through the Department of Revenue or the Commission) or any successor thereto hereunder, may at any time resign by giving notice thereof to the Corporation and the Trustee, provided that no such resignation shall be effective until a successor shall be chosen and shall have assumed the State's duties hereunder by a written instrument satisfactory to the Corporation and the Trustee.

(B) The Corporation, the Trustee, and the Bond Insurer may at any time by joint action release the State or the Commission from its duties hereunder but only if the Corporation, the Trustee, and the Bond Insurer determine that they have obtained a successor capable of performing the functions contemplated by this Agreement in a manner consistent with the operations of the Corporation. In the event of a default by the State under this Agreement, the Corporation, the Trustee, and the Bond Insurer may appoint a successor to the State or the Commission.

**SECTION 10. TERMINATION OF AGREEMENT.** This Agreement shall terminate at the time mutually agreed upon by the Trustee and the Corporation and, in any event, upon the discharge of the Indenture in accordance with the terms thereof. Upon termination of this Agreement other than upon discharge of the Indenture, the

State shall transfer all Pledged Loan payments, investment earnings and other amounts then held by it hereunder to the Trustee. Upon termination of this Agreement with the discharge of the Indenture, the State only upon receipt of written direction from the Trustee shall transfer all Pledged Loan payments and other amounts then held by it hereunder to the Corporation.

SECTION 11. SUCCESSORS AND ASSIGNS. This Agreement shall be binding upon and inure to the benefit of the parties hereto and their respective successors and assigns.

SECTION 12. COUNTERPARTS. This Agreement may be signed in any number of counterparts, each of which shall be an original, with the same effect as if the same signatures thereto and hereto were upon the same instrument.

SECTION 13. SEVERABILITY. The provisions of this Agreement are severable. In case any provision of this Agreement shall for any reason be held invalid, illegal or unenforceable in any respect, this Agreement shall be construed as if such provision had never been contained herein.

SECTION 14. ALASKA LAW. This Agreement shall be construed in accordance with and governed by the laws of the State of Alaska.

SECTION 15. EFFECTIVE DATE. This Agreement shall be immediately upon the execution hereof by the parties

SECTION 16. NOTICES. All notices, requests, demands and other communications under or in respect of this Agreement shall be in writing or shall be delivered or mailed, first class, postage prepaid, or sent by facsimile, to the parties at the following addresses (or at such other address for a party as shall be specified by the party to whom addressed):

If to Corporation: Alaska Student Loan Corporation  
3030 Vintage Boulevard  
Juneau, Alaska 99801

Diane Barrans, Executive Officer  
Phone: 907.465.2113  
Fax: 907.465.3293

If to Depositary: Department of Revenue, Treasury Division  
P.O. Box 110405  
Juneau, Alaska 99811-0405

Phone: 907.465.2350

Fax: 907.465.2394

If to Servicer/Custodian: Alaska Commission on Postsecondary Education  
3030 Vintage Blvd.  
Juneau, Alaska 99801-7100

Phone: 907.465.2962

Fax: 907.465.5316

If to Trustee: U.S. Bank National Association  
1420 Fifth Avenue, 7th Floor  
Seattle, Washington 98101

Attn: Corporate Trust Department

Phone: (206) 344.4607

Fax: (206) 344.4632

IN WITNESS WHEREOF, the parties have signed this Agreement as of March 1, 2005.

ALASKA STUDENT LOAN CORPORATION

By \_\_\_\_\_  
Executive Officer

U.S. BANK NATIONAL ASSOCIATION,  
as Trustee

By \_\_\_\_\_  
Authorized Officer

STATE OF ALASKA

Through its DEPARTMENT OF REVENUE

By \_\_\_\_\_  
Deputy Commissioner

ALASKA COMMISSION ON  
POSTSECONDARY EDUCATION

By \_\_\_\_\_  
Executive Director



IN WITNESS WHEREOF, ALASKA STUDENT LOAN CORPORATION has caused this Indenture to be executed by its Executive Officer and U.S. Bank National Association has caused this Indenture to be executed by its Assistant Vice President, all as of the day and year first above written.

ALASKA STUDENT LOAN CORPORATION

By   
DIANE BARRANS  
Executive Officer

U.S. BANK NATIONAL ASSOCIATION

By   
GREG SKUTNIK  
Assistant Vice President

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